

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 7 of this Circular apply to this cover.

Action required:

1. This entire Circular is important and should be read with particular attention to the section entitled "Action required by CVI Shareholders", which commences on page 3.
2. If you are in any doubt as to what action to take, you should consult your Broker, CSDP, banker, accountant, attorney or other professional advisor immediately.
3. If you have disposed of all your CVI Shares, please forward this Circular and the attached form of proxy (*pink*) and form of surrender and transfer (*blue*) to the purchaser to whom, or the Broker, CSDP, banker or other agent through whom, the disposal was effected.

CVI and CVH do not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any Beneficial Owner of CVI Shares to notify such Beneficial Owner of the transactions set out in this Circular.

CAPEVIN
INVESTMENTS LIMITED

CAPEVIN INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1979/007263/06)
Share Code: CVI, ISIN Number: ZAE000136446
("CVI" or "the Company")

CAPEVIN
HOLDINGS LIMITED

CAPEVIN HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1997/020857/06)
("CVH")

CIRCULAR TO CVI SHAREHOLDERS

relating to:

- a scheme of arrangement in terms of section 114(1) of the Companies Act, proposed by the CVI Board between CVI and its Shareholders, in terms of which, if implemented, CVH will acquire all of the Scheme Shares from Scheme Participants for the Scheme Consideration of 21 CVH Shares for each Scheme Share disposed of in terms of the Scheme;
- the delisting of the CVI Shares from the JSE; and
- the listing of CVH Shares on the JSE;

and incorporating:

- a report prepared by the Independent Expert in terms of section 114(3) of the Companies Act;
 - the Notice of General Meeting;
 - a form of proxy in respect of the General Meeting (*pink*) (for use by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration only); and
 - a form of surrender and transfer in respect of the Scheme (*blue*) (for use by Certificated Shareholders only).
-



PSG CAPITAL

Transaction advisor and CVI sponsor

Deloitte
Deloitte & Touche
Registered Auditors

Independent Expert

sasfin
CAPITAL

Lead independent sponsor of CVI

**DLA CLIFFE DEKKER
HOFMEYR**

Legal advisor to CVI and CVH

pwc

Independent Reporting Accountants to CVI and CVH

This Circular is only available in English. Copies of this Circular may be obtained during normal business hours from the registered office of CVI, the registered office of CVH, the offices of PSG Capital (Proprietary) Limited, the website www.capevin.com and the Transfer Secretaries at their respective addresses set out in the "Corporate Information and Advisors" section of this Circular from the date of issue hereof until the date of the General Meeting.

Date of issue: 8 June 2012

PSG Capital (Proprietary) Limited is acting exclusively for CVI and CVH and no one else in connection with the Scheme and will not be responsible to anyone other than CVI and CVH for providing the protections afforded to clients of PSG Capital (Proprietary) Limited, nor for providing advice in relation to the Scheme.

IMPORTANT LEGAL NOTES

The definitions and interpretations commencing on page 7 of this Circular apply to this section on Important Legal Notes.

FORWARD-LOOKING STATEMENTS

This Circular contains statements about CVI and CVH that are or may be forward looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. CVI and CVH caution that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which CVI and CVH operate may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions, as regards CVI, made by CVI or, as regards CVH, made by CVH, as communicated in publicly available documents by the respective companies, all of which estimates and assumptions, although CVI and CVH believe them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to CVI or CVH or not currently considered material by CVI or CVH.

CVI Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of either CVI or CVH not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. CVI and CVH have no duty to, and do not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

FOREIGN SHAREHOLDERS

This Circular has been prepared for the purposes of complying with the Companies Act and the Companies Regulations published in terms thereof and the information disclosed may not be the same as that which would have been disclosed if this Circular had been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa.

The release, publication or distribution of this Circular in jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction.

This Circular is not intended to, and does not constitute, or form part of, an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction. This Circular does not constitute a prospectus or a prospectus equivalent document. CVI Shareholders are advised to read this Circular, which contains the full terms and conditions of the Scheme, with care. Any decision to approve the Scheme or other response to the proposals should be made only on the basis of the information in this Circular.

CORPORATE INFORMATION AND ADVISORS

Company secretary to CVI and CVH

PSG Corporate Services (Proprietary) Limited
(Registration number 1996/004848/07)
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

Registered office of CVI and CVH

1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

Date of incorporation of CVI

11 December 1979

Date of incorporation of CVH

2 December 1997

Legal advisor to CVI and CVH

Cliffe Dekker Hofmeyr Incorporated
(Registration number 2008/018923/21)
11 Buitengracht Street
Cape Town, 8001
(PO Box 695, Cape Town, 8000)

Transfer secretaries of CVI and CVH

Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

CVI sponsor and transaction advisor to CVI and CVH

PSG Capital (Proprietary) Limited
(Registration number 2006/015817/07)
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

and

1st Floor, Building 8
Inanda Greens Business Park
54 Wierda Road West
Wierda Valley
Sandton, 2196
(PO Box 987, Parklands, 2121)

Independent Expert

Deloitte & Touche
(Practice number 904899E)
1st Floor, The Square, Cape Quarter Extension
27 Somerset Road
Green Point, 8005
(PO Box 578, Cape Town, 8000)

Independent reporting accountants to CVI and CVH

PricewaterhouseCoopers Inc
(Registration number 1998/012055/21)
No 1 Waterhouse Place
Century City, 7441
(PO Box 2799, Cape Town, 8000)

Lead independent sponsor

Sasfin Capital
(a division of Sasfin Bank Limited)
(Registration number 1951/002280/06)
29 Scott Street
Waverley, 2090
(PO Box 95104, Grant Park, 2051)

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Form of proxy (<i>pink</i>)	Attached
Form of surrender and transfer (<i>blue</i>)	Attached

ACTION REQUIRED BY CVI SHAREHOLDERS

The definitions and interpretations commencing on page 7 of this Circular apply to this section on the action required by CVI Shareholders.

This Circular is important and requires your immediate attention. The action you need to take is set out below. If you are in any doubt as to what action to take, you should consult your Broker, CSDP, banker, accountant, attorney or other financial advisor. If you have disposed of all of your CVI Shares, this Circular should be handed to the purchaser to whom, or the Broker, CSDP or other agent through whom, the disposal was effected.

Please take careful note of the following provisions regarding the action to be taken by CVI Shareholders.

A general meeting of CVI Shareholders will be held at 10h00 on 10 July 2012 at 1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, to consider and, if deemed fit, to pass the resolutions required to enable CVH to acquire the entire issued share capital of CVI (save for the Shares held by CVH and Dissenting Shareholders who do not withdraw their respective demands made in terms of sections 164(5) to 164(8) of the Companies Act or allow any offers by the Company to them in terms of section 164(11) of the Companies Act to lapse, as more fully described in paragraph 6.6 below) in terms of a scheme of arrangement under the Companies Act. A notice convening such General Meeting is attached to, and forms part of, this Circular.

1. IF YOU HAVE DEMATERIALISED YOUR CVI SHARES AND DO NOT HAVE "OWN-NAME" REGISTRATION

1.1 Voting at the General Meeting

1.1.1 If you do not wish to, or are unable to, attend the General Meeting and you have not been contacted by your CSDP or Broker, it is advisable for you to contact your CSDP or Broker immediately and furnish your CSDP or Broker with your voting instructions in the manner and by the cut-off time stipulated by your CSDP or Broker in terms of the Custody Agreement between you and your CSDP or Broker.

1.1.2 If your CSDP or Broker does not obtain voting instructions from you, your CSDP or Broker will be obliged to act in accordance with the instructions contained in the Custody Agreement between you and your CSDP or Broker.

1.1.3 You must not complete the attached form of proxy (*pink*).

1.2 Attendance and representation at the General Meeting

1.2.1 In accordance with the Custody Agreement between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to:

1.2.1.1 attend, speak and vote at the General Meeting; or

1.2.1.2 send a proxy to represent you at the General Meeting.

1.2.2 Your CSDP or Broker should then issue the necessary letter of representation to you for you or your proxy to attend, speak and vote at the General Meeting.

1.3 Surrender of Documents of Title

You must not complete the form of surrender and transfer (*blue*).

1.4 Settlement of Scheme Consideration

If the Scheme becomes operative, you will have your account held at your CSDP or Broker credited with the Scheme Consideration and debited with the CVI Shares you are transferring to CVH on the Operative Date or, if you are a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 6.6.1.2 of this Circular, on the date set out in paragraph 6.6.1.2 of this Circular.

2. IF YOU HAVE NOT DEMATERIALISED YOUR CVI SHARES OR IF YOU HAVE DEMATERIALISED YOUR CVI SHARES WITH "OWN-NAME" REGISTRATION

2.1 Voting, attendance and representation at the General Meeting

You may attend, speak and vote at the General Meeting in person (or, if you are a company or other body corporate, be represented by a duly authorised natural person). Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy (*pink*) in accordance with its instructions and returning it to the Transfer Secretaries at Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by them no later than 24 hours before the commencement of the General Meeting (or any adjournment of the General Meeting), excluding Saturdays, Sundays and official public holidays.

- 2.2 Surrender of Documents of Title (this applies only to Certificated Shareholders and not to “own-name” Dematerialised Shareholders)**
- 2.2.1 You are required to complete the attached form of surrender and transfer (*blue*) in accordance with its instructions and return it, together with the Documents of Title representing all your Certificated Shares, to the Transfer Secretaries at Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107), to be received by them by no later than 12h00 on the Scheme Consideration Record Date.
- 2.2.2 Documents of Title held by Certificated Shareholders in respect of their CVI Shares will cease to be of any value, and shall not be good for delivery, from the Operative Date, other than for surrender in terms of the Scheme and/or the Appraisal Rights.
- 2.3 Settlement of Scheme Consideration**
- 2.3.1 Certificated Shareholders**
- 2.3.1.1 If the Scheme becomes operative and you have surrendered your Documents of Title to the Transfer Secretaries at Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107) on or before 12h00 on the Scheme Consideration Record Date, the Scheme Consideration will be posted to you, at your risk, within five Business Days of the Operative Date.
- 2.3.1.2 If you wish to surrender your Documents of Title in anticipation of the Scheme becoming operative:
- 2.3.1.2.1 you should complete the form of surrender and transfer (*blue*) in accordance with its instructions and return it, together with your Documents of Title, to the Transfer Secretaries at Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107); and
- 2.3.1.2.2 it should be noted that you will not be able to Dematerialise or deal in your CVI Shares between the date of surrender of your Documents of Title and the Operative Date or, if the Scheme does not become operative, the date on which your Documents of Title are returned to you pursuant to paragraph 2.3.1.5 below.
- 2.3.1.3 If the Scheme becomes operative and you surrender your Documents of Title after 12h00 on the Scheme Consideration Record Date, the Transfer Secretaries will only post the Scheme Consideration to you, at your risk, within five Business Days of receipt of your Documents of Title and form of surrender and transfer (*blue*), provided that should you:
- 2.3.1.3.1 be a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 6.6.1 of this Circular, you will still need to surrender your Documents of Title, together with a completed form of surrender and transfer (*blue*), to the Transfer Secretaries and the Scheme Consideration will only be posted to you on the date set out in paragraph 6.6.1.2 of this Circular; and
- 2.3.1.3.2 fail to surrender your Documents of Title and completed form of surrender and transfer (*blue*) to the Transfer Secretaries within three years after the Operative Date or, if you are a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 6.6.1 of this Circular, within three years after the date on which you subsequently became a Scheme Participant pursuant to paragraph 6.6.1 of this Circular, the Scheme Consideration due to you will be disposed of at the ruling market price and the disposal consideration, less the costs incurred in disposing of the Scheme Consideration, will be paid to the benefit of the Guardian’s Fund of the Master of the High Court. In this regard such Scheme Participants irrevocably authorise and appoint CVI and/or CVH, *in rem suam*, with full power of substitution, to act as agent in the name, place and stead of such Scheme Participants to dispose of the Scheme Consideration and to pay the proceeds to the benefit of the Guardian’s Fund in the aforesaid manner.
- 2.3.1.4 Documents of Title surrendered prior to 12h00 on the Scheme Consideration Record Date in anticipation of the Scheme becoming operative will be held in trust by the Transfer Secretaries, at the risk of the Certificated Shareholder, pending the Scheme becoming operative.
- 2.3.1.5 Should the Scheme not become operative, any Documents of Title surrendered and held by the Transfer Secretaries will be returned to you by the Transfer Secretaries, at your own risk, by registered post within five Business Days from the date of receipt of the Documents of Title or the date on which it becomes known that the Scheme will not become operative, whichever is the later.

2.3.2 “Own-name” Dematerialised Shareholders

2.3.2.1 If you are an “own-name” registered Dematerialised Shareholder who is, or is deemed (pursuant to paragraph 6.6.1 of this Circular) to be, a Scheme Participant, you will have your account held at your CSDP or Broker credited with the Scheme Consideration and debited with the CVI Shares you are transferring to CVH pursuant to the Scheme on the Operative Date or, if you are a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 6.6.1 of this Circular, on the date contemplated in paragraph 6.6.1 of this Circular.

2.3.2.2 You must not complete the attached form of surrender and transfer (*blue*).

If you wish to Dematerialise your CVI Shares, please contact your CSDP or Broker. CVI Shareholders should note that it will take approximately 10 Business Days to Dematerialise their CVI Shares through their CSDP or Broker. CVI Shareholders that do not have a CSDP or Broker can contact Computershare directly to Dematerialise their CVI Shares on (011) 370 5000. Computershare can Dematerialise your CVI Shares within 48 hours of receipt of the relevant documentation required to Dematerialise your CVI Shares.

No Dematerialisation or re-materialisation of CVI Shares may take place from the Business Day following the Scheme LDT. You do not need to Dematerialise your CVI Shares to receive the Scheme Consideration.

CVI Shareholders are advised to consult their professional advisors about their personal tax positions regarding the Scheme.

IMPORTANT DATES AND TIMES RELATING TO THE SCHEME

The definitions and interpretations commencing on page 7 of this Circular shall apply to this section.

2012

Circular posted to Shareholders and notice convening the General Meeting released on SENS on	Friday, 8 June
Notice convening the General Meeting published in the South African press on	Monday, 11 June
Last day to trade CVI Shares in order to be recorded in the Register on the Scheme Voting Record Date on	Friday, 22 June
Scheme Voting Record Date being 17h00 on	Friday, 29 June
Proxy forms to be lodged at Transfer Secretaries by 10h00 on	Monday, 9 July
Last date and time for CVI Shareholders to give notice to CVI objecting to the special resolution approving the Scheme for purposes of the Appraisal Rights by 10h00 on	Tuesday, 10 July
General Meeting to be held at 10h00 on	Tuesday, 10 July
Results of General Meeting released on SENS on	Tuesday, 10 July
Results of General Meeting published in the South African press on	Wednesday, 11 July
Last date for CVI Shareholders to require CVI to seek court approval for the Scheme on	Tuesday, 17 July
Last date for CVI Shareholders to apply to court for leave to apply for a review of the Scheme on	Tuesday, 24 July
Last date for CVI to send objecting CVI Shareholders notices of the adoption of the special resolution approving the Scheme on	Tuesday, 24 July
Finalisation Date expected to be on	Wednesday, 25 July
Finalisation Date announcement expected to be released on SENS on	Wednesday, 25 July
Finalisation Date announcement expected to be published in the South African press on	Thursday, 26 July
Scheme LDT expected to be on	Thursday, 2 August
Suspension of listing of CVI Shares at the commencement of trade on the JSE expected to be on	Friday, 3 August
Expected listing of CVH Shares (including Scheme Consideration) on the JSE at the commencement of trade on	Friday, 3 August
Scheme Consideration Record Date to be recorded in the Register in order to receive the Scheme Consideration expected to be on or about	Friday, 10 August
Expected Operative Date of the Scheme on	Monday, 13 August
Settlement of the Scheme Consideration expected to take place on	Monday, 13 August
Expected termination of listing of CVI Shares on the JSE at the commencement of trade on or about	Monday, 13 August

Notes:

1. The above dates and times are subject to such changes as may be agreed to by CVI and CVH and approved by the JSE and/or the Takeover Panel, if required. If the Conditions Precedent are not met by Wednesday, 25 July 2012, an updated timetable will be released on SENS and published in the South African press.
2. Shareholders should note that, as trade in CVI Shares on the JSE is settled through Strate, settlement of trades takes place five Business Days after the date of such trades. Therefore, Shareholders who acquire Shares on the JSE after the last day to trade in CVI Shares in order to be recorded in the Register on the Scheme Voting Record Date will not be entitled to vote at the General Meeting.
3. CVI Shareholders who wish to exercise their Appraisal Rights are referred to **Annexure 13** to this Circular for purposes of determining the relevant timing for the exercise of their Appraisal Rights.
4. Dematerialised Shareholders, other than those with "own-name" registration, must provide their CSDP or Broker with their instructions for voting at the General Meeting by the cut-off time and date stipulated by their CSDP or Broker in terms of their respective Custody Agreements.
5. No Dematerialisation or re-materialisation of Shares may take place from the Business Day following the Scheme LDT.
6. If the General Meeting is adjourned or postponed, forms of proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.
7. Although the salient dates and times are stated to be subject to change, such statement may not be regarded as consent or dispensation for any change to time periods which may be required in terms of the Companies Regulations, where applicable, and any such consents or dispensations must be specifically applied for and granted.
8. All times referred to in this Circular are references to South African time.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless the context indicates a contrary intention, a word or an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the following words and expressions bear the meanings assigned to them below:

“Appraisal Rights”	the rights afforded to CVI Shareholders in terms of section 164 of the Companies Act as set out in Annexure 13 to this Circular;
“Beneficial Owner”	a person on whose behalf any Dematerialised Share (not held in “own-name” form) is held by a CSDP or Broker or a nominee of a CSDP or Broker in accordance with a Custody Agreement;
“Broker”	a “stockbroker” as defined in the Securities Services Act, or its nominee;
“Business Day”	a day which is not a Saturday, Sunday or official public holiday in South Africa;
“cents”	South African cents, in the official currency of South Africa;
“Certificated Share”	a CVI Share that has not been Dematerialised, title to which is evidenced by a Document of Title;
“Certificated Shareholder”	a CVI Shareholder who holds Certificated Shares;
“Circular”	this circular to Shareholders, dated 8 June 2012, together with the annexures hereto, and including the Notice of General Meeting, the form of proxy (<i>pink</i>) in relation to the General Meeting and the form of surrender and transfer (<i>blue</i>);
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	the Companies Act, No. 71 of 2008, as amended from time to time;
“Companies Regulations”	the Companies Regulations, 2011, promulgated under the Companies Act, as amended from time to time;
“Conditions Precedent”	the conditions precedent to which the Scheme is subject, as set out in paragraph 6.2 of this Circular;
“CSDP”	a “participant”, as defined in the Securities Services Act;
“Custody Agreement”	a custody mandate agreement between a person and a CSDP or Broker, regulating their relationship in respect of Dematerialised Shares held on CVI’s uncertificated securities register administered by a CSDP or Broker on behalf of that person;
“CVH”	Capevin Holdings Limited (registration number 1997/020857/06), a public company incorporated under the laws of South Africa;
“CVH Directors”	the directors of CVH as at the Last Practicable Date, whose names are set out on page 10 of this Circular;
“CVH General Meeting”	the general meeting of CVH shareholders held on 24 May 2012, at which meeting CVH shareholders, <i>inter alia</i> , approved the increase of the authorised share capital of CVH and approved the issuing by CVH of the Scheme Consideration;
“CVH Pre-listing Statement”	the pre-listing statement in relation to the listing of CVH on the JSE (such listing being expected to occur on 3 August 2012), annexed to this Circular as Annexure 15 ;
“CVH Shares”	ordinary no par value shares in the issued share capital of CVH;
“CVI” or “the Company”	Capevin Investments Limited (registration number 1979/007263/06), a public company incorporated under the laws of South Africa, the shares of which are listed on the JSE;
“CVI Board” or “CVI Directors”	the directors of CVI as at the Last Practicable Date, whose names are set out on page 10 of this Circular;
“CVI Shares” or “Shares”	ordinary shares with a par value of R1 (one rand) each in the issued share capital of CVI;
“CVI Shareholders” or “Shareholders”	registered holders of CVI Shares;
“Dematerialise” or “Dematerialisation”	the process by which Certificated Shares are converted into an electronic format as Dematerialised Shares and recorded in CVI’s uncertificated securities register administered by a CSDP;
“Dematerialised Share”	a CVI Share that has been Dematerialised or has been issued in Dematerialised form, and is held on CVI’s uncertificated securities register administered by a CSDP;
“Dematerialised Shareholder”	a CVI Shareholder who holds Dematerialised Shares;

“Dissenting Shareholders”	CVI Shareholders who validly exercise their Appraisal Rights by demanding, in terms of sections 164(5) to 164(8) of the Companies Act, that the Company pay them the fair value of all of their CVI Shares;
“Distell”	Distell Group Limited (registration number 1988/005808/06), a public company incorporated under the laws of South Africa;
“Document of Title”	a share certificate, certified transfer deed, balance receipt or any other document of title, acceptable to CVI in respect of CVI Shares;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended from time to time, issued in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended from time to time;
“Finalisation Date”	the date on which all the Conditions Precedent shall have been fulfilled or waived, as the case may be, as set out in paragraph 6.2 of this Circular;
“Foreign Shareholder”	a CVI Shareholder who is a non-resident of South Africa as contemplated in the Exchange Control Regulations;
“General Meeting”	the general meeting of CVI Shareholders to be held at 10h00 on 10 July 2012 at 1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, to consider and, if deemed fit, approve the Scheme and any other resolutions proposed in the Notice of General Meeting;
“Independent Board”	collectively, Messrs AEvZ Botha, R Jansen and J Hugo, being the CVI Directors that the Company has indicated are independent directors in relation to the Scheme for purposes of the Companies Regulations;
“Independent Expert”	Deloitte & Touche (Practice number 904899E);
“Independent Reporting Accountants”	PricewaterhouseCoopers Incorporated (registration number 1998/012055/21), a personal liability company incorporated under the laws of South Africa;
“JSE”	the exchange, licensed under the Securities Services Act, operated by JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa;
“Last Practicable Date”	the last practicable date prior to the finalisation of this Circular, being 23 May 2012;
“Listings Requirements”	the Listings Requirements of the JSE in force as at the Last Practicable Date;
“Notice of General Meeting”	the notice of general meeting forming part of this Circular;
“Operative Date”	the date on which the Scheme becomes operative, being the first Business Day immediately following the Scheme Consideration Record Date, which operative date is expected to be Monday, 13 August 2012;
“Rand” or “R”	South African Rand, in the official currency of South Africa;
“RCI”	Remgro-Capevin Investments Limited (registration number 1965/005620/06), a public company incorporated under the laws of South Africa;
“Register”	CVI’s securities register, including all uncertificated securities registers;
“Scheme” or “Scheme of Arrangement”	the scheme of arrangement in terms of section 114(1) of the Companies Act, proposed by the CVI Board between CVI and its Shareholders, which scheme of arrangement is more fully described in paragraph 6 of this Circular, in terms of which CVH will, if the Scheme becomes operative, acquire all Scheme Shares held by Scheme Participants for the Scheme Consideration, subject to any modification or amendment to the scheme of arrangement agreed to in writing by CVH and CVI and, if necessary, the Takeover Panel, which modification or amendment may not be detrimental to Scheme Participants;
“Scheme Consideration”	the scheme consideration of 21 CVH Shares for each Scheme Share disposed of by Scheme Participants in terms of the Scheme, rounded to the nearest whole number and credited as fully paid (the Scheme Consideration will not have a cash alternative);
“Scheme Consideration Record Date”	17h00 on the 5th Business Day after the Scheme LDT, being the latest time and date for holders of CVI Shares to be registered as such in the Register in order to receive the Scheme Consideration, which date and time is expected to be 17h00 on Friday, 10 August 2012;
“Scheme LDT”	the last day to trade CVI Shares on the JSE in order to be registered in the Register on the Scheme Consideration Record Date, which date and time is expected to be at 17h00 on Thursday, 2 August 2012;
“Scheme Members”	CVI Shareholders who are entitled to attend and vote at the General Meeting, being those CVI Shareholders who are registered as such in the Register on the Scheme Voting Record Date, except for CVH;

“Scheme Participants”	CVI Shareholders who are entitled to receive the Scheme Consideration, being those CVI Shareholders who are registered as such in the Register on the Scheme Consideration Record Date, except for CVH and Dissenting Shareholders who have not withdrawn their demands made in terms of sections 164(5) to 164(8) of the Companies Act or allowed any offers made to them in terms of section 164(11) of the Companies Act to lapse;
“Scheme Shares”	all CVI Shares held by Scheme Participants on the Scheme Consideration Record Date;
“Scheme Voting Record Date”	the last time and date for CVI Shareholders to be recorded in the Register in order to be eligible to attend, speak and vote at the General Meeting (or any adjournment thereof), being 17h00 on Friday, 29 June 2012;
“Securities Services Act”	the Securities Services Act, No. 36 of 2004, as amended from time to time;
“SENS”	the Securities Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Limited (registration number 1998/022242/06), a company incorporated under the laws of South Africa, a central securities depository licensed in terms of the Securities Services Act and responsible for the electronic clearing and settlement system provided to the JSE;
“Takeover Panel”	the Takeover Regulation Panel established in terms of section 196 of the Companies Act; and
“Transfer Secretaries” or “Computershare”	Computershare Investor Services (Proprietary) Limited (registration number 2004/003647/07), a private company incorporated under the company laws of South Africa.

COMBINED CIRCULAR TO CVI SHAREHOLDERS

Directors of CVI

CA Otto (Chairman) *
JJ Mouton *
AEvZ Botha * #
JJ Durand *
A Mellet (Financial Director)
R Jansen * # +
J Hugo * # +

Directors of CVH

CA Otto (Chairman) *
JJ Mouton *
AEvZ Botha * #
JJ Durand *
A Mellet (Financial Director)
LC Verwey *

* *Non-executive*

Independent

+ *In order to comply with the requirements of the Companies Regulations relating to the composition of the Independent Board, R Jansen and J Hugo have been co-opted as independent non-executive directors to the CVI Board, with effect from 3 April 2012 until the next annual general meeting of CVI.*

1. INTRODUCTION

- 1.1. Shareholders are referred to the joint announcement by CVI and CVH published on SENS on Wednesday, 4 April 2012 and in the press on Thursday, 5 April 2012, advising of the firm intention of CVH to make an offer to acquire all the CVI Shares, not already held by CVH, by way of a scheme of arrangement in terms of section 114 of the Companies Act.
- 1.2. The CVI Board proposes the acquisition by CVH of the entire issued share capital of CVI (other than CVI Shares already held by CVH) by way of the Scheme.
- 1.3. Following the implementation of the Scheme –
 - 1.3.1. CVH will become the registered and beneficial owner of the entire issued ordinary share capital of CVI (other than CVI Shares held by Dissenting Shareholders that do not withdraw their respective demands made in terms of sections 164(5) to 164(8) of the Companies Act or allow any offers by the Company to them in terms of section 164(11) of the Companies Act to lapse, as more fully described in paragraph 6.6 below);
 - 1.3.2. the listing of CVI Shares on the JSE will be terminated; and
 - 1.3.3. CVH Shares will be listed on the JSE.

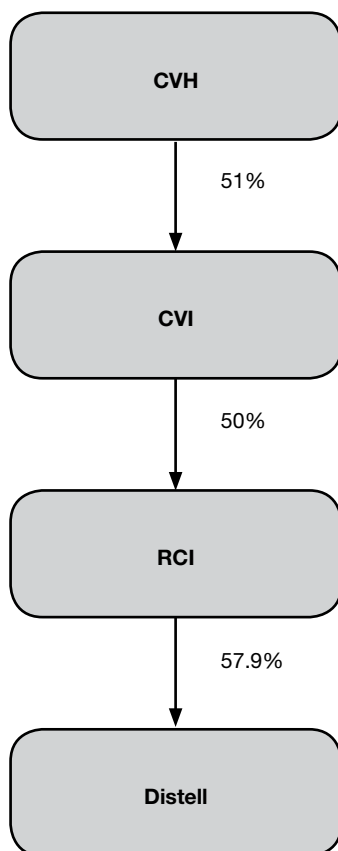
2. PURPOSE OF THIS CIRCULAR

The purpose of this Circular is to:

- 2.1. provide Shareholders with information regarding the Scheme;
- 2.2. provide Shareholders with the Independent Expert's report in respect of the Scheme prepared in terms of section 114(3) of the Companies Act;
- 2.3. advise Shareholders of the Independent Board's opinion and CVI Directors' recommendation in respect of the Scheme (as supported by the Independent Expert's report); and
- 2.4. convene the General Meeting to consider and, if deemed fit, approve the resolutions as set out in the Notice of General Meeting.

3. STRUCTURE OF CVH

CVH is an investment holding company that holds an indirect investment in Distell as its sole investment. As set out in the diagram below, CVH currently holds 51% of the issued share capital of CVI, while CVI holds a 50% interest in RCI, which in turn holds a 57.9% interest in Distell.



A more detailed version of the above diagram, also showing major shareholders, appears at **Annexure CVH3** to the CVH Pre-listing Statement annexed hereto. Shareholders are referred to paragraph 7.3 below, which contains a diagram showing the structure of CVH post-implementation of the Scheme.

4. RATIONALE FOR THE SCHEME

- 4.1. CVH wishes to simplify the shareholding structure of the CVH group of companies in order, *inter alia*, to clear up confusion in the market between CVH and CVI and to create more liquidity in the shares of CVH (and effectively of CVI). It is anticipated that the removal of the CVI layer in the CVH structure will eliminate the discount in the CVH share price, thereby benefitting both CVH and CVI shareholders.
- 4.2. Due to the nature of certain commercial arrangements to which Distell is a party, including certain trademark agreements, the retention of CVH as the ultimate holding company is required to remain in place and therefore CVH cannot be collapsed into CVI.
- 4.3. Shares in CVH currently trade over the counter, but will, following implementation of the Scheme, trade in the listed environment of the JSE.

5. BENEFITS OF THE SCHEME TO CVI SHAREHOLDERS

The benefits of the Scheme for CVI Shareholders are that the Scheme will:

- 5.1. clear up confusion in the market between CVH and CVI;
- 5.2. create more liquidity, as the public shareholding in the newly listed CVH post the Scheme will exceed 60%;
- 5.3. mean that CVI Shareholders' interest will no longer be in an entity that is subject to the control of another entity, as is currently the case; and
- 5.4. retain CVH as a listed company on the JSE (currently CVI) post the implementation of the Scheme, through which CVI Shareholders are to hold their indirect interest in Distell.

6. TERMS AND CONDITIONS OF THE SCHEME

In terms of section 114(1) of the Companies Act, the CVI Board proposes the Scheme as set out in this paragraph 6 between the Company and the Shareholders (other than CVH). The Scheme will constitute an “affected transaction” as defined in section 117(c) of the Companies Act and will be regulated by the Companies Act, the Companies Regulations and the Takeover Panel.

6.1. The Scheme

6.1.1. In terms of the Scheme, CVH will acquire the Scheme Shares from the Scheme Participants for the Scheme Consideration.

6.1.2. If the Scheme takes effect and becomes operative –

6.1.2.1. the Scheme Participants shall be deemed to have disposed of their Scheme Shares, free of encumbrances, to CVH on the Operative Date in exchange for the Scheme Consideration and CVH shall be deemed to have acquired registered and beneficial ownership of all the Scheme Shares as of the Operative Date;

6.1.2.2. the disposal and transfer by each Scheme Participant of the Scheme Shares held by each such Scheme Participant to CVH and the acquisition of ownership of these Scheme Shares by CVH pursuant to the provisions of the Scheme shall be effected on the Operative Date;

6.1.2.3. each Scheme Participant shall be deemed to have transferred to CVH, on the Operative Date, all of the Scheme Shares held by each such Scheme Participant, without any further act or instrument being required; and

6.1.2.4. Scheme Participants shall be entitled to receive the Scheme Consideration, subject to the remaining provisions of this paragraph 6.

6.1.3. Each Scheme Participant irrevocably and *in rem suam* authorises CVI, as principal, with power of substitution, to cause the Scheme Shares disposed of by the Scheme Participants in terms of the Scheme to be transferred to, and registered in the name of, CVH on or at any time after the Operative Date, and to do all such things and take all such steps (including the signing of any transfer form) as CVI in its discretion considers necessary in order to effect that transfer and registration.

6.1.4. The Scheme Consideration shall be settled, in full, in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which CVH may otherwise be, or claim to be, entitled against any Scheme Participant.

6.1.5. CVI, as principal, shall procure that CVH complies with its obligations under the Scheme, and CVI alone shall have the right to enforce those obligations (if necessary) against CVH.

6.1.6. The rights of the Scheme Participants to receive the Scheme Consideration will be rights enforceable by Scheme Participants against CVI only. Scheme Participants will be entitled to require CVI to enforce its rights in terms of the Scheme against CVH.

6.1.7. The effect of the Scheme, *inter alia*, will be that CVH will, with effect from the Operative Date, become the registered and beneficial owner of all the Scheme Shares.

6.1.8. CVH and CVI have agreed that, upon the Scheme becoming operative, they will give effect to the terms and conditions of the Scheme and will take all actions and sign all necessary documents to give effect to the Scheme.

6.2. Conditions Precedent

6.2.1. The Scheme will be subject to (and will become operative on the Operative Date upon) the fulfilment of the following Conditions Precedent on or before 31 August 2012 –

6.2.1.1. the approval by the requisite majority of CVH shareholders required in order for CVH (1) to adopt a new memorandum of incorporation, (2) to convert its existing par value share capital into no par value shares, (3) to increase its number of authorised shares to enable CVH to issue the Scheme Consideration and (4) to obtain the required approval from its shareholders for the proposed issue of shares to CVI Shareholders, and, to the extent required, the filing and registration of the aforesaid with the Companies and Intellectual Property Commission;

6.2.1.2. the approval of the Scheme by the requisite majority of CVI Shareholders as contemplated in section 115(2)(a) of the Companies Act, and:

6.2.1.2.1. to the extent required, the approval of the implementation of such resolution by a Court in terms of section 115(2)(c) of the Companies Act; and

- 6.2.1.2.2. if applicable, CVI not treating the aforesaid resolution as a nullity, as contemplated in section 115(5)(b) of the Companies Act;
- 6.2.1.3. in relation to any objections to the Scheme by CVI Shareholders:
 - 6.2.1.3.1. that no CVI Shareholders give notice objecting to the Scheme, as contemplated in section 164(3) of the Companies Act, and vote against the resolution proposed at the General Meeting to approve the Scheme (“**Scheme Resolution**”); or
 - 6.2.1.3.2. if CVI Shareholders give notice objecting to the Scheme, as contemplated in section 164(3) of the Companies Act, and vote against the Scheme Resolution proposed at the General Meeting, that CVI shareholders holding no more than 5% of all Scheme Shares eligible to be voted at the General Meeting give such notice and vote against the Scheme Resolution proposed at the General Meeting; or
 - 6.2.1.3.3. if CVI Shareholders holding more than 5% of all Scheme Shares eligible to vote at the General Meeting give notice objecting to the Scheme, as contemplated in section 164(3) of the Companies Act, and vote against the Scheme Resolution proposed at the General Meeting, that the relevant CVI Shareholders do not exercise their appraisal rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act within 30 (thirty) business days following the General Meeting, in respect of more than 5% of the Scheme Shares eligible to be voted at the General Meeting;
- 6.2.1.4. in respect of the implementation of the Scheme and only to the extent that same may be applicable, the approval of the Takeover Panel and any other relevant regulatory authorities (either unconditionally or subject to conditions acceptable to CVH).

6.2.2. The Conditions Precedent in paragraphs 6.2.1.1, 6.2.1.2 and 6.2.1.4 cannot be waived.

6.2.3. The Condition Precedent in paragraph 6.2.1.3 may be waived by CVH upon written notice to CVI, prior to the date for fulfilment of the relevant Condition Precedent.

6.2.4. CVH will be entitled to extend the date for the fulfilment of any of the Conditions Precedent, by up to 60 days, in its own discretion, upon written notice to CVI, but shall not be entitled to extend the date to a date later than the aforesaid 60 day period without the prior written consent of CVI.

6.3. Scheme Consideration

6.3.1. Subject to paragraph 6.4, if the Scheme becomes unconditional and is implemented, each Scheme Participant will receive the Scheme Consideration for each Scheme Share held by such Scheme Participant as at the Scheme Consideration Record Date.

6.3.2. No fraction of a CVH Share will be issued and any fraction of a CVH Share to which any Scheme Participant is entitled to in terms of the Scheme will, if it comprises 0,5 or more of a CVH Share, be rounded up, otherwise it will be rounded down, to the nearest whole CVH Share, as set out in the table of entitlements provided in **Annexure 15**.

6.3.3. The Scheme Consideration has been calculated on a like-for-like basis, based on the see through value per share in Distell attributable to both CVI and CVH shareholders, as adjusted for estimated transaction costs, the majority of which will be incurred by CVH.

6.4. Settlement of the Scheme Consideration

6.4.1. Settlement of the Scheme Consideration is subject to the Exchange Control Regulations, the salient provisions of which are set out in **Annexure 12** to this Circular.

6.4.2. CVI or its agents will administer and effect payment of the Scheme Consideration to Scheme Participants.

6.4.3. If the Scheme becomes operative:

6.4.3.1. Scheme Participants who hold Dematerialised Shares will have their accounts held at their CSDPs or Brokers credited with the Scheme Consideration and debited with the Scheme Shares they are transferring to CVH pursuant to the Scheme on the Operative Date or, in the case of Dissenting Shareholders who subsequently become Scheme Participants pursuant to paragraph 6.6.1, on the date contemplated in paragraph 6.6.1.2; and

6.4.3.2. Scheme Participants who hold Certificated Shares –

- 6.4.3.2.1. who have surrendered their Documents of Title and completed form of surrender and transfer (*blue*) to the Transfer Secretaries on or before 12h00 on the Scheme Consideration Record Date, will have the Scheme Consideration posted to them, at their risk, within five Business Days of the Operative Date; or
- 6.4.3.2.2. who surrender their Documents of Title and completed form of surrender and transfer (*blue*) to the Transfer Secretaries after 12h00 on the Scheme Consideration Record Date, will have the Scheme Consideration posted to them, at their risk, within five Business Days of the Transfer Secretaries receiving their Documents of Title and completed form of surrender and transfer (*blue*), unless such Scheme Participants were Dissenting Shareholders who have subsequently become Scheme Participants pursuant to paragraph 6.6.1, in which case such Scheme Participants will still need to surrender their Documents of Title, together with completed forms of surrender and transfer (*blue*), to the Transfer Secretaries and payment of the Scheme Consideration will only be posted to such Scheme Participants, at their risk, on the date set out in paragraph 6.6.1.2.
- 6.4.3.3. In the event that a Scheme Participant who holds Certificated Shares fails to surrender its Documents of Title and completed form of surrender and transfer (*blue*) to the Transfer Secretaries within three years of the Operative Date or, in respect of a Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 6.6.1.2 of this Circular, within three years of the date on which such Dissenting Shareholder became a Scheme Participant, the Scheme Consideration due to such Scheme Participants will be disposed of at the ruling market price and the disposal consideration, less the costs incurred in disposing of the Scheme Consideration, will be paid to the benefit of the Guardian's Fund of the Master of the High Court. In this regard such Scheme Participants irrevocably authorise and appoint CVI and/or CVH, *in rem suam*, with full power of substitution, to act as agent in the name, place and stead of such Scheme Participants to dispose of the Scheme Consideration and to pay the proceeds to the benefit of the Guardian's Fund in the aforesaid manner.

6.5. Effects of the Scheme

- 6.5.1. If all of the Conditions Precedent are fulfilled or waived, as the case may be, and the Scheme becomes operative:
 - 6.5.1.1. Scheme Participants (whether they voted in favour of the Scheme or not, or failed to vote) shall, with effect from the Operative Date, be deemed to have disposed of their Scheme Shares to CVH, which will be deemed to have acquired registered and beneficial ownership of the Scheme Shares in exchange for the Scheme Consideration, and Scheme Participants shall no longer be shareholders of CVI;
 - 6.5.1.2. Scheme Participants shall be deemed to have irrevocably authorised and instructed CVI to cause the Scheme Shares to be transferred and registered in the name of CVH on or at any time after the Operative Date and to take all such steps and sign all such documents as may be necessary to procure such transfer and registration; and
 - 6.5.1.3. Scheme Participants shall be deemed to have instructed CVI as principal, but with the power to appoint agents, to procure that the Scheme Consideration is paid to the Scheme Participants in accordance with the provisions of the Scheme.
- 6.5.2. The effect of the Scheme will be that CVH will, with effect from the Operative Date, become the registered and beneficial owner of all the Scheme Shares.

6.6. Dissenting Shareholders

- 6.6.1. Any Dissenting Shareholder that withdraws its demand made in terms of sections 164(5) to 164(8) of the Companies Act, either voluntarily or pursuant to an order of Court, or that allows an offer by the Company in terms of section 164(11) of the Companies Act to lapse without exercising its rights in terms of section 164(14) of the Companies Act, shall, if that Dissenting Shareholder withdrew its demand or allowed the offer to lapse:
 - 6.6.1.1. on or prior to the Scheme LDT, be deemed to be a Scheme Participant and be subject to the provisions of the Scheme; and
 - 6.6.1.2. after the Scheme LDT, be deemed to have been a Scheme Participant as at the Operative Date of the Scheme, provided that settlement of the Scheme Consideration due to such Dissenting Shareholder shall take place on the later of (i) the Operative Date, (ii) the date which is five Business Days after that Dissenting Shareholder so withdrew its demand or allowed the Company's offer to lapse, as the case may be, and (iii) if that Dissenting Shareholder is a Certificated Shareholder, the date which is five Business Days after that Dissenting Shareholder shall have surrendered its Documents of Title and completed form of surrender and transfer (*blue*) to the Transfer Secretaries.

6.6.2. The wording of section 164 of the Companies Act (which sets out the Appraisal Rights) is included in **Annexure 13** to this Circular.

6.7. Foreign Shareholders and Exchange Control Regulations

Annexure 12 to this Circular contains a summary of the Exchange Control Regulations as they apply to Scheme Participants. Scheme Participants who are not resident in, or who have a registered address outside of South Africa, must satisfy themselves as to the full observance of the laws of any relevant territory concerning the receipt of the Scheme Consideration, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory.

6.8. Authority to issue the Scheme Consideration

At the CVH General Meeting, shareholders of CVH approved the increase of the authorised share capital of CVH and approved the issuing by CVH of the Scheme Consideration.

6.9. Sufficient securities

Subject to the fulfilment of the condition set out in paragraph 6.2.1.1, CVH will have sufficient authorised share capital available from which to issue the Scheme Consideration to Scheme Participants in terms of the Scheme.

6.10. Restricted jurisdictions

6.10.1. To the extent that the distribution of this Circular in certain jurisdictions outside of South Africa may be restricted or prohibited by the laws of such foreign jurisdiction then this Circular is deemed to have been provided for information purposes only and neither the CVI Board nor the CVH Directors accept any responsibility for any failure by Scheme Participants to inform themselves about, and to observe, any applicable legal requirements in any relevant foreign jurisdiction.

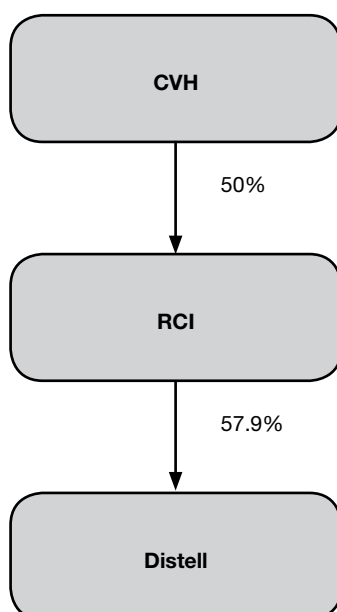
6.10.2. Scheme Participants who are in doubt as to their position should consult their professional advisors.

7. LISTING OF CVH, DELISTING AND WINDING UP OF CVI

7.1. The CVH Shares will be listed on the JSE on the anticipated date of 3 August 2012 under share code "CVH" and ISIN ZAE000167714. Shareholders of CVI and CVH are referred to **Annexure 15** hereto, containing the CVH Pre-listing Statement. The Scheme Consideration will be issued on market as listed shares.

7.2. Following implementation of the Scheme, CVI will be a wholly-owned subsidiary of CVH and the CVI Shares will be delisted from the JSE.

7.3. CVI shall, immediately following the implementation of the Scheme and the delisting of the CVI Shares, distribute CVI's entire interest in RCI to CVH, prior to CVI being wound up. Following the aforesaid, CVH will hold a 50% interest in RCI, which in turn holds a 57.9% interest in Distell, thereby giving CVH an indirect effective interest of 29% in Distell, as set out below.



A more detailed version of the above diagram in respect of the anticipated position post-implementation of the Scheme, appears at **Annexure CVH4** to the CVH Pre-listing Statement annexed hereto and also includes major shareholders.

8. INTERESTS OF CVH AND CVH DIRECTORS IN CVI SECURITIES

- 8.1. As at the Last Practicable Date, CVH held 21 420 000 CVI Shares, being equal to 51% of the issued share capital of CVI. CVH had no dealings in shares of CVI during the six month period prior to 4 April 2012 or the period from 4 April 2012 and ending on the Last Practicable Date.
- 8.2. Mr CA Otto, the Chairman of CVH and of CVI, holds an indirect non-beneficial interest in 1 000 CVI Shares, equivalent to 0.005% of the issued share capital of CVI. No CVH Directors held any direct or indirect beneficial interest in CVI securities as at the Last Practicable Date.
- 8.3. The CVH Directors had no dealings in CVI Shares during the six month period prior to 4 April 2012 or the period from 4 April 2012 and ending on the Last Practicable Date.

9. INTERESTS OF CVH DIRECTORS IN CVH SECURITIES

- 9.1. Mr A Mellet, the financial director of CVH and of CVI, holds a direct beneficial interest in 8 000 CVH Shares, equivalent to 0.002% of the issued share capital of CVH. Save for the interest held by Mr A Mellet, no CVH Directors held any direct or indirect beneficial interest in CVH securities as at the Last Practicable Date.
- 9.2. The CVH Directors had no dealings in shares of CVH during the six month period prior to 4 April 2012 or the period from 4 April 2012 and ending on the Last Practicable Date.

10. INTERESTS OF CVI AND CVI DIRECTORS IN CVH SECURITIES

- 10.1. As at the Last Practicable Date, CVI held no direct or indirect beneficial interests in CVH. CVI had no dealings in CVH Shares during the six months period prior to 4 April 2012 or the period from 4 April 2012 and ending on the Last Practicable Date.
- 10.2. Save for the interest of Mr A Mellet referred to in paragraph 9.1 above, as at the Last Practicable Date, none of the CVI Directors held any direct or indirect beneficial interests in the issued share capital of CVH. The CVI Directors had no dealings in shares of CVH during the six month period prior to 4 April 2012 or the period from 4 April 2012 and ending on the Last Practicable Date.

11. INTERESTS OF CVI DIRECTORS IN CVI SECURITIES

- 11.1. As at the Last Practicable Date, no CVI Directors held any direct or indirect beneficial interest in CVI securities (as at the Last Practicable Date, Mr CA Otto, the Chairman of CVH and of CVI, held an indirect non-beneficial interest in 1 000 CVI Shares, equivalent to 0.002% of the issued share capital of CVI).
- 11.2. The CVI Directors had no dealings in shares of CVI during the six month period prior to 4 April 2012 or the period from 4 April 2012 and ending on the Last Practicable Date.

12. IRREVOCABLE UNDERTAKINGS AND OPTIONS

- 12.1. No CVI shareholder has provided any undertaking to vote in favour of the Scheme.
- 12.2. No CVI shareholder has provided CVH with an option to acquire their shareholding in CVI.

13. INTERESTS AND DEALINGS IN CVI SHARES AND CVH SHARES BY PROVIDERS OF IRREVOCABLE UNDERTAKINGS

No CVI shareholder has provided any undertaking to vote in favour of the Scheme.

14. REMUNERATION OF CVI DIRECTORS

The remuneration of CVI Directors in their capacity as CVI Directors will in no way be affected by the Scheme.

15. AGREEMENTS IN RELATION TO THE SCHEME

- 15.1. No agreements have been entered into between CVH, CVH Directors (or persons who were directors of CVH in the past 12 months) and/or CVH Shareholders (or persons who were CVH Shareholders in the past 12 months) and any of CVI, the CVI Directors (or persons who were directors of CVI in the past 12 months) or CVI Shareholders (or persons who were CVH Shareholders in the past 12 months) in relation to the Scheme.
- 15.2. CVH confirms that it is the ultimate prospective purchaser of the Scheme Shares and is acting alone and not in concert with any party.

16. FINANCIAL INFORMATION OF CVI AND CVH

16.1. Financial information for CVH

- 16.1.1. The audited historical financial information of CVH for the last three financial years ended 30 June 2009, 2010 and 2011 is annexed hereto as **Annexure 6**, together with the Independent Reporting Accountants' report thereon as **Annexure 7**.
- 16.1.2. The reviewed historical financial information of CVH for the most recent interim financial period ended 31 December 2011 is annexed hereto as **Annexure 8**, together with the Independent Reporting Accountants' report thereon as **Annexure 9**.
- 16.1.3. The unaudited *pro forma* financial effects of the Scheme on CVH are annexed hereto at **Annexure 10A**, while the Independent Reporting Accountants' report thereon is annexed hereto as **Annexure 10B**.

16.2. Financial information for CVI

- 16.2.1. The audited historical financial information of CVI for the last three financial years ended 30 June 2009, 2010 and 2011 is annexed hereto as **Annexure 2**, together with the Independent Reporting Accountants' report thereon as **Annexure 3**.
- 16.2.2. The reviewed historical financial information of CVI for the most recent interim financial period ended 31 December 2011 is annexed hereto as **Annexure 4**, together with the Independent Reporting Accountants' report thereon as **Annexure 5**.
- 16.2.3. The unaudited *pro forma* financial effects of the Scheme on CVI are annexed hereto at **Annexure 11A**, while the Independent Reporting Accountants' report thereon is annexed hereto as **Annexure 11B**.

16.3. Pro forma financial effects on CVI Shareholders

The unaudited *pro forma* financial effects on CVI shareholders are the responsibility of the CVI Directors. The unaudited *pro forma* financial effects are presented for illustrative purposes only to illustrate the effects of the Scheme and, because of their nature, may not fairly present CVH's financial position, changes in equity, results of operations or cash flows and the consequent actual financial effects of the Scheme on CVI shareholders. For the purposes of attributable and headline earnings per share, it was assumed that the corporate action took place on 1 July 2011 and for the purposes of net asset value and net tangible asset value per share it was assumed that the corporate action took place on 31 December 2011. The unaudited *pro forma* financial effects are presented in a manner consistent with the basis on which the historical financial information has been prepared and in terms of the CVI's accounting policies.

The *pro forma* financial effects on CVI Shareholders have been calculated in respect of 1 (one) CVI share held before implementation of the Scheme and 21 CVH shares held after implementation of the Scheme.

The unaudited *pro forma* financial effects set out below should be read in conjunction with the unaudited *pro forma* financial information and the Independent Reporting Accountants' report thereon, as annexed hereto at **Annexure 11A** and **Annexure 11B**.

	CVI shares before the Scheme ¹	CVH shares after the Scheme ²	Change
Number of shares ³	1	21	
Attributable earnings per share – basic and diluted (cents)	537.5	537.6	0.0%
Headline earnings per share – basic and diluted (cents)	535.4	535.5	0.0%
Net asset value per share (cents)	4 334.9	4 338.6	0.1%
Net tangible asset value per share (cents)	4 334.9	4 338.6	0.1%

Notes and assumptions:

- 1 The financial information in the "CVI shares before the Scheme" column are based on the financial information extracted, without adjustment, from CVI's published interim reviewed results for the six months ended 31 December 2011.
- 2 The financial information in the "CVH shares after the Scheme" column are based on the financial information extracted from CVH's interim reviewed results for the six months ended 31 December 2011, adjusted for the effects of the Scheme, which include, *inter alia*, once-off capitalised transaction costs of R3 million, acquiring the remaining 49% of CVI and the issuing of a total of 432 180 000 CVH shares in settlement of the Scheme Consideration (continuing effects).
- 3 42 000 000 CVI shares were in issue before the implementation of the Scheme and 880 103 265 CVH shares are in issue after the implementation of the Scheme.

17. THE VIEWS OF THE INDEPENDENT BOARD AND THE CVI BOARD ON THE SCHEME

- 17.1. In order to comply with the requirements of the Companies Regulations relating to the composition of an independent board, Messrs R Jansen and J Hugo have been co-opted as independent non-executive directors to the CVI Board, with effect from 3 April 2012 and until the next annual general meeting of CVI.
- 17.2. In accordance with the Companies Regulations, the CVI Board has appointed the Independent Board comprising Messrs AEvZ Botha, R Jansen and J Hugo. The Independent Board has appointed the Independent Expert to compile a report on the Scheme. The CVH Board has provided all relevant information on CVH requested by the Independent Expert in order to compile the report.

- 17.3. The Independent Board, after due consideration of the report of the Independent Expert, has determined that it will place reliance on the valuation performed by the Independent Expert for the purposes of reaching its own opinion regarding the Scheme and the Scheme Consideration as contemplated in Companies Regulation 110(3)(b). The Independent Board has formed a view of the range of the swap ratio of CVH Shares for CVI Shares, which accords with the range contained in the Independent Expert's report, in considering its opinion and recommendation. The Independent Board is not aware of any factors which are difficult to quantify or are unquantifiable (as contemplated in Companies Regulation 110(6)) and has not taken any such factors into account, in forming its opinion.
- 17.4. The Independent Board, taking into account the report of the Independent Expert, has considered the terms and conditions of the Scheme and the members of the Independent Board are unanimously of the opinion that the terms and conditions thereof are fair and reasonable to Shareholders and, accordingly, recommend that Shareholders vote in favour of the Scheme at the General Meeting.
- 17.5. Each of the non-independent members of the CVI Board recommends that Shareholders vote in favour of the Scheme at the General Meeting and, accordingly, the CVI Board unanimously recommends that Shareholders vote in favour of the Scheme at the General Meeting.
- 17.6. The Independent Board has made the report of the Independent Expert available to the CVH Directors. In accordance with Companies Regulation 106(6)(b), the CVH Directors have placed reliance on the valuation performed by the Independent Expert and are also unanimously of the opinion that the terms and conditions of the Scheme are fair and reasonable to Shareholders.

18. CVI DIRECTORS' SERVICE CONTRACTS

18.1. Executive directors

CVI is managed by PSG Corporate Services (Proprietary) Limited and as such no executive director of CVI has a service contract with CVI. Mr A Mellet has a service contract in place with PSG Corporate Services (Proprietary) Limited.

18.2. Non-executive directors

There are no service contracts in place in respect of the non-executive directors of CVI.

19. OTHER SERVICE CONTRACTS

No service contracts have been entered into or amended within the six month period prior to the Last Practicable Date.

20. REPORT OF THE INDEPENDENT EXPERT

- 20.1. The report of the Independent Expert prepared in accordance with section 114(3) of the Companies Act and regulation 90 of the Companies Regulations is provided in **Annexure 1** to this Circular.
- 20.2. Having considered the terms and conditions of the Scheme and based on the conditions set out in its report, the Independent Expert has concluded that the terms and conditions of the Scheme are fair and reasonable to CVI Shareholders.

21. INTENDED ACTION OF CVI DIRECTORS

As indicated in paragraph 11.1 above, as at the Last Practicable Date no CVI Directors held any direct or indirect beneficial interest in CVI securities (as at the Last Practicable Date, Mr CA Otto, the Chairman of CVH and of CVI, held an indirect non-beneficial interest in 1 000 CVI Shares, equivalent to 0.002% of the issued share capital of CVI). Should any CVI Directors acquire any interest in CVI securities between the Last Practicable Date and the date of the General Meeting, they will not be able to vote at the General Meeting.

22. FOREIGN SHAREHOLDERS AND EXCHANGE CONTROL REGULATIONS

Information regarding Foreign Shareholders and Exchange Control Regulations is set out in **Annexure 12** to this Circular.

23. TAX IMPLICATIONS FOR SHAREHOLDERS

The tax treatment of Scheme Participants is dependent on their individual circumstances and on the tax jurisdiction applicable to such Scheme Participants. It is recommended that the Scheme Participants seek appropriate advice in this regard.

24. INDEPENDENT BOARD RESPONSIBILITY STATEMENT

The Independent Board accepts responsibility for the information contained in this Circular which relates to CVI and confirms that, to the best of its knowledge and belief, such information which relates to CVI is true and the Circular does not omit anything likely to affect the importance of such information.

25. CVH RESPONSIBILITY STATEMENT

The board of directors of CVH accepts responsibility for the information contained in this Circular which relates to CVH and confirms that, to the best of its knowledge and belief, such information which relates to CVH is true and the Circular does not omit anything likely to affect the importance of such information.

26. ADVISORS' CONSENTS

The parties referred to in the "Corporate Information and Advisors" section of this Circular, have consented in writing to act in the capacities stated and to the inclusion of their names and, where applicable, reports, in this Circular in the form and context in which they appear and have not withdrawn their consent prior to the publication of this Circular.

27. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by shareholders of CVI and CVH at CVI's and CVH's registered office from the date of posting of this Circular until the end of the Operative Date:

- 27.1. the audited annual financial statements of CVI for the three financial years ended 30 June 2009, 30 June 2010 and 30 June 2011;
- 27.2. the reviewed financial statement of CVI for the interim financial period ended 31 December 2011;
- 27.3. the audited annual financial statements of CVH for the three financial years ended 30 June 2009, 30 June 2010 and 30 June 2011;
- 27.4. the reviewed financial statement of CVH for the interim financial period ended 31 December 2011;
- 27.5. the Independent Reporting Accountants' reports on the historical and interim financial information of CVH, comprising the following:
 - 27.5.1. Independent Reporting Accountants' report on historical financial information for the years ended 30 June 2009, 30 June 2010 and 30 June 2011, as reproduced at **Annexure 7**; and
 - 27.5.2. Independent Reporting Accountants' report on interim financial information for the 6 months ended 31 December 2011, as reproduced at **Annexure 9**.
- 27.6. the Independent Reporting Accountants' reports on the historical and interim financial information of CVI, comprising the following:
 - 27.6.1. Independent Reporting Accountants' report on historical financial information for the years ended 30 June 2009, 30 June 2010 and 30 June 2011, as reproduced at **Annexure 3**; and
 - 27.6.2. Independent Reporting Accountants' report on interim financial information for the 6 months ended 31 December 2011, as reproduced at **Annexure 5**.
- 27.7. the Independent Reporting Accountants' report on the *pro forma* financial information of CVH, as reproduced at **Annexure 10B**;
- 27.8. the Independent Reporting Accountants' report on the *pro forma* financial information of CVI, as reproduced at **Annexure 11B**;
- 27.9. the consent letter of the Independent Reporting Accountant and all other consent letters referred to in paragraph 26 of this Circular;
- 27.10. a signed copy of this Circular;
- 27.11. the signed report of the Independent Expert;
- 27.12. the memorandum and articles of association of CVI; and
- 27.13. the memorandum of incorporation of CVH, as adopted by shareholders of CVH at the CVH General Meeting.

SIGNED at Stellenbosch on behalf of the board of directors of CVI on 7 June 2012.



CA Otto
Chairman

SIGNED at Stellenbosch on behalf of the board of directors of CVH on 7 June 2012.



CA Otto
Chairman

REPORT OF THE INDEPENDENT EXPERT

1 June 2012

The Directors
Capevin Investments Limited
1st Floor
Ou Kollege
35 Kerk Street
Stellenbosch
7600

Dear Sirs

Independent expert's report on the proposed scheme of arrangement

Introduction

It was announced on SENS on 4 April 2012 that Capevin Holdings Limited ("CVH") has submitted to the Board of Capevin Investments Limited ("CVI") a notice of CVH's firm intention to make an offer to acquire all the ordinary shares in CVI, not already held by CVH, by way of a scheme of arrangement ("the proposed Scheme"). CVH currently holds 51% or 21,420,000 ordinary shares in CVI and intends acquiring the balance of 49%, being 20,580,000 ordinary shares ("the Scheme Shares") through the proposed Scheme. CVH has offered 21 shares in CVH for each Scheme Share disposed of in terms of the proposed Scheme, rounded to the nearest whole number and credited as fully paid ("the swop ratio" or "the Scheme Consideration").

The proposed Scheme, proposed by the CVI board of directors, between CVI and its shareholders other than CVH, will be implemented in terms of section 114 of the Companies Act, 2008 ("the Act"). After implementation of the proposed Scheme, CVI will be delisted from the Securities Exchange operated by the JSE Limited ("the JSE") and CVH will be listed on the JSE. Accordingly, the Scheme Consideration will be issued on market as listed shares.

The proposed Scheme will constitute an affected transaction as defined in section 117(c) of the Act and will be regulated by the Act, the Companies Regulations, 2011 ("the Companies Regulations") and the Takeover Regulation Panel ("TRP").

Section 114(2) of the Act requires that the company proposing a scheme of arrangement must retain an independent expert to compile a report to the board of directors concerning the proposed scheme of arrangement. In terms of Regulation 90 of the Companies Regulations there is a requirement that the independent expert so retained express an opinion on the fairness and reasonableness of the Scheme Consideration.

We have been appointed by the independent directors of CVI (the "Independent Board") to act as the independent expert, reporting in terms of section 114(2) and (3) of the Act and the aforesaid Regulation 90.

Qualification and independence

For purposes of our appointment as the independent expert, we confirm that we meet the competence, experience, and impartiality requirements of Section 114(2) (a) and we confirm that we meet the independence requirements set out in Section 114(2) (b) and Regulation 90(3) (a).

Our fee payable for this engagement amounts to R180 000 and is not contingent upon or related to the outcome of the Scheme.

Scope of our work and report

Our report is provided to the Independent Board for the sole purpose of assisting the Independent Board in forming and expressing an opinion on the terms and conditions of proposed Scheme.

Our work and the contents of our independent expert report are regulated by Section 114(3) of the Act and Regulation 90 of the Companies Regulations. In short, we are required to consider the material effects that the proposed Scheme will have on the rights and interests of shareholders of CVI, the compensation that CVI shareholders will receive under the proposed Scheme, and any reasonably probable beneficial and significant effect of the proposed Scheme on the business and prospects of CVI. We are also required to state any material interests of any director of CVI and state the effect of the proposed Scheme on those interests and persons.

We are required to express an opinion on the fairness and reasonableness of the proposed Scheme to CVI shareholders. Our assessment of fairness is primarily based on quantitative issues, whereas reasonableness includes a consideration of qualitative aspects.

The terms and conditions of the proposed Scheme would be considered fair to CVI shareholders if the measurable financial benefits of the proposed Scheme equal or exceed the cost thereof. Thus our assessment would be considered fair if the financial effects of the proposed Scheme are either neutral or positive for the shareholders of CVI. To form this opinion we have undertaken a valuation of the ordinary shares of CVI and CVH and made an assessment of the swap ratio offered. This included a review of the sole underlying asset of both CVI and CVH, which is Distell Group Limited ("Distell"). Those factors which are difficult to quantify, or are unquantifiable but nonetheless may affect a shareholder's assessment of the proposed Scheme, are also taken into account in forming an opinion on the reasonableness thereof. The assessment of reasonableness also considers the share swap ratio in relation to the prevailing trading prices of CVI and CVH shares prior to the SENS announcement on 4 April 2012 relating to the proposed Scheme.

Sources of information

In arriving at our opinion we have considered information, *inter alia*, from the following sources:

- analysts' reports on Distell
- audited annual financial statements at 30 June 2011 for CVH, CVI, Remgro-Capevin Investments Limited ("RCI"), which is an intermediary investment holding company which holds CVI and CVH's effective interest in Distell, and Distell
- unaudited interim financial statements of CVH, CVI and Distell at 31 December 2011
- the firm intention announcement for this transaction published on SENS on 4 April 2012
- a roadshow presentation prepared by the transaction advisor, PSG Capital
- the circular to shareholders of CVI, of which this report forms part
- discussions and correspondence with senior management of CVI

Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our opinion, including publicly available information, whether in writing or obtained in discussions with management of CVI.

Procedures performed in arriving at our opinion

In order to assess the fairness and reasonableness of the terms and conditions of the proposed Scheme, we have performed, amongst other, the following procedures:

- reviewed the background information on Distell and its industries
- reviewed the historical financial information provided to us
- reviewed the firm intention announcement and the road show presentation
- considered the rationale for the transaction, as set out in the firm intention announcement
- considered information made available by and from discussions with management of CVI
- prepared a financial model for the purposes of our indicative valuations of the ordinary shares of CVH and CVI and our consideration of the swap ratio
- conducted appropriate sensitivity analyses on the valuations and swap ratio, based on a reasonable range of key assumptions
- considered qualitative aspects of the proposed Scheme

Evaluation of the swap ratio

"See through" valuation

RCI holds approximately 58% of the issued shares of Distell. CVI holds a 50% interest in the shares of RCI and, in turn, CVH holds a 51% interest in the shares of CVI. RCI has no assets and liabilities other than its equity interest in Distell. In relation to their indirectly held interests in the equity of Distell, the other assets and liabilities of CVI and CVH are immaterial and incidental.

We prepared a simple financial model to build up the “see through” valuations of CVI and CVH, based on the listed price of Distell shares and using figures for other assets and liabilities extracted from the statements of financial position of CVI and CVH reported in their interim results at 31 December 2011. Management has confirmed to us that there have been no significant changes in these figures since 31 December 2011. We adjusted the figures of CVH to include a provision for transaction costs in respect of the proposed Scheme, the delisting of CVI and the listing of CVH on the JSE. A “see through” valuation is compiled on the basis that there are no premiums or discounts applied to the shares of the investment holding companies.

The “see through” valuation basis has been used in establishing the swap ratio to be offered to CVI shareholders by CVH. Using our model, we calculated a swap ratio of 20.9 CVH shares per CVI share. This is consistent with the ratio calculated by PSG Capital, the transaction advisors, and which has been rounded off to 21 CVH shares. We observed that this ratio is unaffected by changes in the underlying share price of Distell, as the other assets and liabilities of CVI and CVH are insignificant. It was not necessary for us, therefore, to undertake indicative valuation procedures on Distell’s shares.

Premiums and discounts

Under generally accepted valuation practice there are three adjustments that should be considered in evaluating the swap ratio. These comprise a premium for control over Distell, a discount for lack of liquidity of the CVH and CVI shares relative to those of Distell, and an investment holding company discount.

A control premium is a premium that an investor is prepared to pay for voting control over the investee. Post the implementation of the Scheme, no shareholder will have voting control over CVH or CVI. Under these circumstances we have not included a control premium in our model at either the CVI or CVH level.

We examined trading volumes for the year up to 30 March 2012 and observed that CVH and CVI shares are illiquid in comparison to trading in Distell shares, taking account of the free floats of each company. However, CVH shares have only half the liquidity levels of CVI shares. We have considered the differences between liquidity levels of the two companies in forming the upper end of our fair value swap range presented below.

From observation of market behaviour, it is generally accepted that investors are prepared to pay less for an investment if the holding is indirect and that the required discount may be substantial. We tested this by reference to the closing share prices of Distell, CVI and CVH from 30 June 2011 through to 30 March 2012, by calculating “see through” valuations of CVH and CVI from the Distell share price at each date, and calculating discounts reflected in the CVH and CVI closing prices relative to their “see through” valuations. The average discount over the period for CVI shares was 16% and for CVH shares it was 29%. These aggregate discounts include discounts both for illiquidity, relative to Distell shares, and for the indirect holding in Distell shares, i.e. an investment holding company discount.

We noted in our model that any premium or discount applied at the CVI level had no effect on the swap ratio. The reason for this is that any adjustment made at the CVI shareholder level has the same percentage effect on the value of CVH shares, leaving the swap ratio unaffected.

Fair value swap ratio range

Based on the above analysis, the only adjustment that would affect the swap ratio is an incremental discount applied at the CVH shareholder level. We calculate this discount at 15%, comprising a discount to allow for lower liquidity and a further investment holding company discount. When we apply this discount to the CVH shares in our model this adjustment moves the swap ratio from 20.9 to 24.6, an increase of some 18%.

The incremental discount would be eliminated after implementation of the proposed Scheme as there would be no listed company sitting between CVH and Distell, CVH would be listed on the JSE and would have at least the liquidity levels that CVI shares currently have. If the financial benefit of eliminating the incremental discount of 15% were shared equally between CVH and CVI shareholders, the swap ratio would be 22.8, i.e. midway between 20.9 and 24.6. We consider that this would be equitable and, accordingly, we use this as the high end of our swap range.

Our fair value swap range is therefore 20.9 to 22.8. A swap ratio of 20.9 would be neutral for CVI shareholders, before considering qualitative factors, whereas a ratio of 22.8 would mean CVI shareholders share equally in the financial benefits gained from the second level of discounts currently applied by the market to the CVH share.

Assessment of qualitative factors

We note the following qualitative factors for CVI shareholders, if the proposed Scheme is implemented:

- There will no longer be a controlling company above CVI
- A complicated holding structure, confusing to investors, will have been simplified with only two points of entry remaining for an equity investment in Distell

- Share liquidity should improve for CVI shareholders in a JSE listed CVH, which will have a free float of 566 million shares, comprising 64.3% of the issued shares post implementation of the Scheme (i.e. shares not held by non-public shareholders)

Opinion and limiting conditions

The swap ratio of 21 CVH shares per CVI share falls in our fair value range of 20.9 to 22.6. The ratio offered, however, means the proposed Scheme is only marginally better than neutral for CVI shareholders. However, the qualitative factors listed above are positive for CVI shareholders and, all things being equal, should translate to financial benefits from an improved share price post implementation of the Scheme.

Based upon and subject to the foregoing, we are of the opinion that the terms and conditions of the proposed Scheme are fair and are reasonable to the shareholders of CVI.

Our opinion is addressed to the general body of CVI shareholders. Because each shareholder's decision may be influenced by their particular circumstances, we recommend that a shareholder should consult an independent advisor if they are in any doubt as to the merits of the proposed Scheme considering their personal circumstances.

Our opinion is based upon the market, regulatory and trading conditions as they currently exist and can only be evaluated as at the date of this letter. It should be understood that subsequent developments may affect our opinion, which we are under no obligation to update, revise or re-affirm.

Our procedures and inquiries did not constitute an audit in terms of International Standards on Auditing. Accordingly, we do not express an audit opinion on the financial data or other information used in arriving at our opinion.

Other matters

In accordance with Sections 114(3) (e) and (f) of the Act, we confirm that the interests of the directors of CVI in the shares of CVI and CVH are disclosed in the circular to CVI shareholders, of which this report forms part, and from our enquiries we understand that the proposed Scheme has the same effect on such directors that it has on other shareholders of CVI.

Disclosure of statutory provisions for approval and relief

In accordance with the requirement of Section 114(3) (g) of the Act, we confirm that Sections 115 and 164 of the Act are included as **Annexure 13** to the circular to CVI shareholders.

Consent

We hereby consent to the inclusion of this report and references thereto, in the form and context in which they appear, in the circular to CVI shareholders.

Yours faithfully

D McDuff
Partner

THREE YEAR HISTORICAL FINANCIAL INFORMATION OF CVI

BASIS OF PREPARATION

The consolidated statements of financial position, statements of comprehensive income, statements of changes in equity, cash flow statements and notes of CVI for the financial years ended 30 June 2009, 2010 and 2011, have been extracted and compiled from the audited consolidated annual financial statements of CVI. The preparation of this **Annexure 2** is the responsibility of the directors of CVI.

The historical financial information of CVI was audited by PricewaterhouseCoopers Inc and was reported on without qualification for all of the aforementioned financial periods. The independent reporting accountants report on the historical financial information of CVI is included in **Annexure 3**.

Statements of financial position

as at 30 June 2011

	Notes	GROUP			COMPANY		
		2011 R'000	2010 R'000	2009 R'000	2011 R'000	2010 R'000	2009 R'000
ASSETS							
Non-current assets							
Investment in associate	2	1,651,777	1,525,214	1,404,938	42,000	42,000	42,000
Current assets							
Income tax receivable		4	4	19	4	4	19
Cash and cash equivalents	3	285	254	612	285	254	612
Total assets		1,652,066	1,525,472	1,405,569	42,289	42,258	42,631
EQUITY AND LIABILITIES							
Equity attributable to owners of the parent							
Share capital	4	42,000	42,000	42,000	42,000	42,000	42,000
Reserves		1,609,396	1,482,254	1,362,635	(381)	(960)	(303)
Total equity		1,651,396	1,524,254	1,404,635	41,619	41,040	41,697
Current liabilities							
Trade payables		90	90	128	90	90	128
Unclaimed dividends		580	1,128	806	580	1,128	806
Total equity and liabilities		1,652,066	1,525,472	1,405,569	42,289	42,258	42,631

Income statements

for the year ended 30 June 2011

	Notes	GROUP			COMPANY		
		2011 R'000	2010 R'000	2009 R'000	2011 R'000	2010 R'000	2009 R'000
Share of profit of associate		279,168	274,493	278,788			
Gain on dilution of interest in associate		1,726	1,413	(1,101)			
Investment income	5	192	270	288	150,397	150,475	150,493
Administrative expenses	6	(1,568)	(2,051)	(1,412)	(1,568)	(2,051)	(1,412)
Profit before taxation		279,518	274,125	276,563	148,829	148,424	149,081
Taxation	7	(54)		(80)	(54)		(80)
Profit for the year attributable to equity holders of the company		279,464	274,125	276,483	148,775	148,424	149,001
Earnings per share – basic and diluted	8						
Attributable earnings (cents)		665.4	652.7	658.3			
Headline earnings (cents)		662.2	650.7	660.3			

Statements of comprehensive income
for the year ended 30 June 2011

	GROUP			COMPANY		
	2011 R'000	2010 R'000	2009 R'000	2011 R'000	2010 R'000	2009 R'000
Profit for the year attributable to equity holders of the company	279,464	274,125	276,483	148,775	148,424	149,001
Other comprehensive loss, net of taxation	(4,126)	(5,425)	(18,357)	-	-	-
Share of other comprehensive loss of associate	(8,537)	(9,842)	(23,861)			
Other equity movements of associate	4,411	4,417	5,504			
Total comprehensive income for the year, attributable to equity holders of the company	275,338	268,700	258,126	148,775	148,424	149,001

Statements of changes in equity
for the year ended 30 June 2011

GROUP	Share capital R'000	Retained earnings R'000	Equity reserve R'000	Total R'000
Balance at 1 July 2008	42,000	(217)	1,253,813	1,295,596
Profit for the year		276,483		276,483
Other comprehensive loss, net of tax	-	-	(18,357)	(18,357)
Share of other comprehensive loss of associate			(23,861)	(23,861)
Other equity movements of associate			5,504	5,504
Total comprehensive income/(loss)	-	276,483	(18,357)	258,126
Transactions with owners	-	(276,569)	127,482	(149,087)
Net transfer from retained earnings		(127,482)	127,482	-
Unclaimed dividends written back		13		13
Dividends paid		(149,100)		(149,100)
Balance at 30 June 2009	42,000	(303)	1,362,938	1,404,635
Profit for the year		274,125		274,125
Other comprehensive loss, net of tax	-	-	(5,425)	(5,425)
Share of other comprehensive loss of associate			(9,842)	(9,842)
Other equity movements of associate			4,417	4,417
Total comprehensive income/(loss)	-	274,125	(5,425)	268,700
Transactions with owners	-	(274,782)	125,701	(149,081)
Net transfer from retained earnings		(125,701)	125,701	-
Unclaimed dividends written back		19		19
Dividends paid		(149,100)		(149,100)
Balance at 30 June 2010	42,000	(960)	1,483,214	1,524,254
Profit for the year		279,464		279,464
Other comprehensive loss, net of tax	-	-	(4,126)	(4,126)
Share of other comprehensive loss of associate			(8,537)	(8,537)
Other equity movements of associate			4,411	4,411
Total comprehensive income/(loss)	-	279,464	(4,126)	275,338
Transactions with owners	-	(278,885)	130,689	(148,196)
Net transfer from retained earnings		(130,689)	130,689	-
Unclaimed dividends written back		694		694
Dividends paid		(148,890)		(148,890)
Balance at 30 June 2011	42,000	(381)	1,609,777	1,651,396
COMPANY				
Balance at 1 July 2008	42,000	(217)		41,783
Profit for the year		149,001		149,001
Transactions with owners				
Unclaimed dividends written back		13		13
Dividends paid		(149,100)		(149,100)
Balance at 30 June 2009	42,000	(303)	-	41,697
Profit for the year		148,424		148,424
Transactions with owners				
Unclaimed dividends written back		19		19
Dividends paid		(149,100)		(149,100)
Balance at 30 June 2010	42,000	(960)	-	41,040
Profit for the year		148,775		148,775
Transactions with owners				
Unclaimed dividends written back		694		694
Dividends paid		(148,890)		(148,890)
Balance at 30 June 2011	42,000	(381)	-	41,619

Dividend per share

Interim: 172,5 cents (2010: 173 cents; 2009: 173 cents)

Final: 181,5 cents (2010: 182 cents; 2009: 182 cents)

Statements of cash flows
for the year ended 30 June 2011

	Notes	GROUP			COMPANY		
		2011 R'000	2010 R'000	2009 R'000	2011 R'000	2010 R'000	2009 R'000
Cash flows from operating activities							
Administrative expenses	6	(1,568)	(2,051)	(1,412)	(1,568)	(2,051)	(1,412)
Increase in trade payables and unclaimed dividends		146	303	353	146	303	353
Cash utilised in operations		(1,422)	(1,748)	(1,059)	(1,422)	(1,748)	(1,059)
Dividends received		150,205	150,205	150,205	150,205	150,205	150,205
Dividends paid		(148,890)	(149,100)	(149,100)	(148,890)	(149,100)	(149,100)
Interest received		192	270	288	192	270	288
Taxation (paid)/received		(54)	15	(83)	(54)	15	(83)
Net increase/(decrease) in cash and cash equivalents		31	(358)	251	31	(358)	251
Cash and cash equivalents at beginning of the year		254	612	361	254	612	361
Cash and cash equivalents at end of the year	3	285	254	612	285	254	612

ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented.

1.1 BASIS OF PREPARATION

The consolidated and separate annual financial statements of Capevin Investments Ltd have been prepared in accordance with International Financial Reporting Standards (IFRS) and the manner required by the Companies Act of South Africa. The annual financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Management has made no significant estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The results of the associate company, which are equity accounted in the consolidated financial statements, includes some significant estimates and judgements. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are mainly biological assets, impairment of receivables, retirement benefits, impairment of intangible assets, useful life and impairment of property, plant and equipment, inventory provisions, share options and deferred and income taxes.

Economic interest financial statements

As Capevin Investments Ltd does not have any investments in subsidiaries but only an investment in associate, the company prepares 'economic interest' financial statements in which its investment is equity accounted. These 'economic interest' financial statements are referred to as 'group'.

Standards, interpretations and amendments to published standards that are effective for the first time in 2011 and relevant to the group's operations

No new standards, interpretations or amendments, which are relevant to the group's operations, became effective during the year.

Standards, interpretations and amendments to published standards that are effective for the first time in 2011 and not currently relevant to the group's operations

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective January 2010 and July 2010)
- Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective January 2010)
- Amendments to IAS 32 Classification of Rights Issues (effective February 2010)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective July 2010)
- Improvements to IFRSs 2009 (effective January 2010)
- Improvements to IFRSs 2010 (effective July 2010)

Standards, interpretations and amendments to published standards that are not yet effective but relevant to the group's operations

- IFRS 9 Financial Instruments (effective January 2013)
- IFRS 10 Consolidated Financial Statements (effective January 2013)
- IFRS 12 Disclosure of Interests in Other Entities (effective January 2013)
- Amendment to IAS 1 Presentation of Financial Statements (effective July 2012)
- Consequential amendments to IAS 27 Separate Financial Statements, resulting from the issue of IFRS 10, 11 and 12 (effective January 2013)

- Consequential amendments to IAS 28 Investments in Associates, resulting from the issue of IFRS 10, 11 and 12 (effective January 2013)

Management is in the process of assessing the impact of these new standards and amendments on the reported results of the group.

Standards, interpretations and amendments to published standards that are not yet effective nor relevant to the group's operations

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective July 2011 and January 2013)
- Amendment to IFRS 7 Financial Instruments: Disclosures (effective July 2011)
- IFRS 11 Joint Arrangements (effective January 2013)
- IFRS 13 Fair Value Measurement (effective January 2013)
- Amendment to IAS 12 Income Taxes (effective January 2012)
- Amendment to IAS 19 Employee Benefits (effective January 2013)
- Amendments to IAS 24 Related Party Disclosures (effective January 2011)
- Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement (effective January 2011)
- Amendments to AC 504: IAS 19 (AC 116) – The limit on a defined benefit asset, Minimum funding requirements and their interaction in the South African pension fund environment (effective January 2011)
- Improvements to IFRSs 2010 (effective January 2011)
- Amendment to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities (effective January 2013)
- Amendment to IAS 32 Offsetting Financial Assets and Financial Liabilities (effective January 2014)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective January 2013)

1.2 BASIS OF CONSOLIDATION

Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in its associates' other comprehensive income and other reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

Where equity securities are transferred to investment in associated companies upon gaining significant influence ("step acquisition"), the investment is transferred at its fair value with the resulting gain or loss, as well as any acquisition-related costs, recognised in the income statement. Goodwill is calculated at each stage of step acquisitions. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

After applying the equity method, investments in associated companies are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Investments in associates are accounted for at cost less accumulated impairment losses in the company's separate financial statements.

Interest-free loans to associates with no specific terms of repayment are considered to be a capital contribution to the associate and are included in the carrying amount of the investment.

Significant accounting policies of associates

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing cost. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable costs of completion and selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges of raw materials purchases.

Employee benefits – Retirement funds: Defined-benefit plans

The liability recognised in the statement of financial position in respect of defined-benefit pension plans and post-retirement medical benefits is the present value of the defined-benefit obligation at the reporting date less the fair value of plan assets together with adjustments to unrecognised past service costs. The defined-benefit obligation is actuarially valued every three years and reviewed every year by independent actuaries using the projected unit credit method. The present value of the defined-benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Current service costs are recognised immediately in income. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised outside profit or loss in the period in which they occur and are presented in other comprehensive income.

1.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of deposits held at call with banks and money market funds. Cash and cash equivalents are classified as loans and receivables (refer note 1.6).

1.4 REVENUE RECOGNITION

Interest income is recognised according to the effective-interest method and dividends are recognised when the right to receive payment is established.

1.5 CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the group's associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in associated companies, except where the group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.6 FINANCIAL ASSETS

The group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities – other than those that the group intends to sell in the short term. Loans and receivables are carried at amortised cost using the effective-interest method. Specific provisions are made against identified doubtful receivables.

Recognition and measurement of financial assets

Purchases and sales of financial assets are recognised on trade date – the date on which the group commits to purchase or sell the asset. Financial assets not carried at fair value through profit or loss, are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has substantially transferred all risks and rewards of ownership.

1.7 FINANCIAL LIABILITIES

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity. Financial liabilities consist of trade payables and unclaimed dividends which are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

1.8 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of taxation.

1.9 EQUITY RESERVE

The equity reserve comprises the group's share of associates' post-acquisition reserves, excluding non-controlling interests.

1.10 DIVIDENDS

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's board of directors.

1.11 SEGMENT REPORT

Capevin Investments Ltd is an investment holding company with its only investment being an effective interest in Distell Group Ltd. The directors have not identified any other segment to report on.

1.12 STATEMENT OF CASH FLOWS

The statement of cash flows is prepared using the indirect method.

1.13 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.14 SECONDARY TAX ON COMPANIES

South African resident companies are subject to a dual corporate tax system, one part of the tax being levied on taxable income and the other, a secondary tax ("STC"), on distributed income. A company incurs STC charges on the declaration or deemed declaration of dividends (as defined under South African tax law) to its shareholders. STC is not a withholding tax on shareholders, but a tax on companies.

The STC tax consequence of dividends is recognised as a taxation charge in profit and loss in the same period that the related dividend is accrued as a liability. The STC liability is reduced by dividends received during the dividend cycle. Where dividends declared exceed the dividends received during a cycle, STC is payable at the current STC rate on the net amount. Where dividends received exceed dividends declared within a cycle, there is no liability to pay STC. The potential tax benefit related to excess dividends is carried forward to the next dividend cycle as an STC credit. Deferred tax assets are recognised on unutilised STC credits to the extent that it is probable that the company will declare dividends in the following year to utilise such STC credits.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2011

	GROUP			COMPANY		
	2011 R'000	2010 R'000	2009 R'000	2011 R'000	2010 R'000	2009 R'000
2. INVESTMENT IN ASSOCIATE						
Unlisted investment in Remgro-Capevin Investments Ltd (at cost)	42,000	42,000	42,000	42,000	42,000	42,000

The investment comprises 50 ordinary shares of R1 each and an unsecured, interest-free loan with no specific terms of repayment.

The investment ultimately represents a shareholding of 29,04% (2010: 29,12%; 2009: 29,22%) in Distell Group Ltd.

Interest in post-acquisition reserves

	2011	2010	2009
	1,609,777	1,483,214	1,362,938
Balance at beginning of the year	1,483,214	1,362,938	1,253,813
Share of profit of associate	279,168	274,493	278,788
Dividend received from associate	(150,205)	(150,205)	(150,205)
Gain on dilution of interest in associate	1,726	1,413	(1,101)
Other comprehensive loss	(4,126)	(5,425)	(18,357)
Carrying value	1,651,777	1,525,214	1,404,938

The market value of the investment, based on the JSE Ltd closing price at 30 June 2011, amounted to R4,2 billion (2010: R3,8 billion; 2009: R3,2 billion).

The principal financial information in respect of Distell Group Ltd is:

Abridged statement of financial position

	2011	2010	2009
Total assets	8,483,580	8,201,031	7,449,575
Non-current	2,986,668	2,732,444	2,360,319
Current	5,496,912	5,468,587	5,089,256
Total liabilities	(2,789,571)	(2,962,730)	(2,640,201)
Non-current	(731,858)	(673,946)	(638,974)
Current	(2,057,713)	(2,288,784)	(2,001,227)
Total equity	5,694,009	5,238,301	4,809,374

Abridged income statement

	2011	2010	2009
Revenue	12,327,786	11,808,884	10,863,728
Profit for the year attributable to ordinary shareholders	960,673	941,556	953,712

The principal financial information in respect of Distell Group Ltd are:

Earnings per share (cents)

	2011	2010	2009
– attributable earnings	476.2	468.1	475.3
– diluted earnings	448.0	444.5	455.4
– headline earnings	476.8	469.1	474.8
– diluted headline earnings	448.6	445.4	455.0

Dividend per share (cents)

	2011	2010	2009
– interim	124.0	124.0	124.0
– final (declared after year-end)	132.0	132.0	132.0

	GROUP			COMPANY		
	2011 R'000	2010 R'000	2009 R'000	2011 R'000	2010 R'000	2009 R'000
3. CASH AND CASH EQUIVALENTS						
Cash at bank and money market funds	285	254	612	285	254	612
4. SHARE CAPITAL						
Authorised						
56,000,000 shares with a par value of R1 each	56,000	56,000	56,000	56,000	56,000	56,000
Issued						
42,000,000 shares with a par value of R1 each	42,000	42,000	42,000	42,000	42,000	42,000
5. INVESTMENT INCOME						
Dividends received from associate				150,205	150,205	150,205
Interest received on cash and short-term funds	192	270	288	192	270	288
	192	270	288	150,397	150,475	150,493
6. ADMINISTRATIVE EXPENSES						
Auditor's remuneration (audit services)	86	176	69	86	176	69
– current year	86	111	69	86	111	69
– prior year under-provision		65			65	
Expenses incurred in respect of mandatory offer		350			350	
Other administrative expenses	1,482	1,525	1,343	1,482	1,525	1,343
	1,568	2,051	1,412	1,568	2,051	1,412
7. TAXATION						
South Africa normal tax – current year	54		80	54		80
Tax rate reconciliation:	%	%	%	%	%	%
Standard rate for companies	28.00	28.00	28.00	28.00	28.00	28.00
Income from associate	(28.14)	(28.18)	(28.12)	(28.26)	(28.34)	(28.12)
Exempt dividend income				(28.26)	(28.34)	(28.12)
Non-deductible expenses	0.16			0.30		
Tax losses for which no deferred income tax asset was recognised		0.18	0.14		0.34	0.14
	0.02	–	0.02	0.04	–	0.02

History shows that Capevin Investments Ltd's STC credits increase over time as dividends received exceeds dividends paid. No deferred tax asset has been raised on the unutilised STC credits of R11,486,000 (2010: R10,171,000; 2009: R9,066 000).

The group's STC liability, should all distributable reserves be paid out, would amount to R145,265,000 (2010: R133,826,000). These amounts should however be considered taking into account the implementation of dividend tax on shareholders on 1 April 2012.

	GROUP			COMPANY		
	2011	2010	2009	2011	2010	2009
	R'000	R'000	R'000	R'000	R'000	R'000

8. EARNINGS PER SHARE

The calculation of earnings per share is based on the following:

Earnings attributable to ordinary shareholders	279,464	274,125	276,483
Interest in adjustments of associate, net of taxation	367	592	(268)
Gross amount	510	821	(372)
Tax effect	(143)	(229)	104
Gain on dilution of interest in associate	(1,726)	(1,413)	1,101
Headline earnings attributable to ordinary shareholders	278,105	273,304	277,316
Ordinary shares in issue (thousands)	42,000	42,000	42,000

EARNINGS PER SHARE

Basic and diluted

Earnings attributable to ordinary shareholders (R'000)	279,464	274,125	276,483
Headline earnings attributable to ordinary shareholders (R'000)	278,105	273,304	277,316
Attributable earnings per share (cents)	665.4	652.7	658.3
Headline earnings per share (cents)	662.2	650.7	660.3

9. RELATED-PARTY TRANSACTIONS

During the 2011 financial year Capevin Investments Ltd received dividends from Distell Group Ltd (an associate of Capevin Investments Ltd) as set out in note 2, and paid an administrative fee of R637,000 (excl VAT) (2010: R637,000; 2009: Rnil) and a sponsor fee of R25,000 (excl VAT) (2010: R25,000; 2009: Rnil) to PSG Corporate Services (Pty) Ltd (a fellow subsidiary of an investor exercising significant influence over the holding company of Capevin Investments Ltd).

During the 2011 financial year, as part of the administration agreement, PSG Corporate Services (Pty) Ltd paid directors' remuneration as set out below:

- For services rendered up to and including the board meeting held on 30 August 2010, R20,000 was paid to each of Messrs AEvZ Botha and JJ Mouton, and R25,000 was paid to Mr KI Mampeule in his capacity as chairman.
- For services rendered up to and including the board meeting held on 23 February 2011, R20,000 was paid to Mr AEvZ Botha.

During the 2010 financial year, as part of the administration agreement, PSG Corporate Services (Pty) Ltd paid directors' remuneration of R20,000 to each of Messrs AEvZ Botha, JJ Mouton and CA Otto, and R25,000 to Mr KI Mampeule in his capacity as chairman.

During the 2009 financial year Capevin Investments Ltd paid an administrative fee of R682 000 (excl VAT) to KVV South Africa (Pty) Ltd (a fellow subsidiary up to the 2009 financial year).

10. COMMITMENTS AND CONTINGENCIES

During the 2011 financial year, the Distell group received an assessment from the South African Revenue Service for additional employees tax relating to Distell group's share incentive scheme. The Distell group obtained legal and tax specialist opinions on this matter, which indicated that no provision is necessary and are in the process of formalising an objection to this assessment. The Capevin Investments group's interest in the amount that is at risk is R15,2 million (excluding penalties and interest).

During the 2010 financial year, the Distell group has lodged an appeal against revised tax assessments issued by the South African Revenue Service. The group's interest in the amount that is at risk is R8,6 million (2009: R8,6 million).

11. BLACK ECONOMIC EMPOWERMENT (BEE) AND DILUTION OF INTEREST IN ASSOCIATE

In October 2005 Distell entered into a broad-based black economic empowerment transaction. As part of this transaction, options on Distell shares were issued to the BEE consortium and have been accounted for in terms of IFRS 2, Share Based Payments.

The cost of this transaction to Distell's shareholders, calculated by using an option pricing model, equated to R122,3 million. R67,2 million of this amount related to non-employees and has been expensed in full in the 2006 financial year. The remaining R55,1 million relates to Distell employees' portion and is being expensed over a vesting period of 8 years.

In terms of the transaction Distell will issue ordinary shares to the BEE consortium, between 30 June 2013 and 30 June 2015. This will result in a dilution of Capevin Investments Ltd's interest in Distell. The extent of the eventual dilution of Distell's shareholders will depend on a number of factors, but will not exceed the maximum limit of 15%.

When these shares are issued to the BEE consortium, Capevin Investments Ltd will recognise a dilution of up to 15% against its investment in its associate (carried at 2011: R1,7 billion; 2010: R1,5 billion; 2009: R1,4 billion). At the same time its interest in Distell's earnings will decrease by up to 15%.

To take cognisance of the above, Distell's 2011 financial statements disclose diluted headline earnings per share that is 5,9% (2010: 5,1%; 2009: 4,2%) less than the headline earnings per share.

Although there has been no real dilution of Capevin Investments Ltd's interest yet, this is viewed as a realistic indication of the extent to which the rights that will lead to the eventual dilution, have already vested.

If the basis on which Distell has calculated its diluted headline earnings per share is applied to Capevin Investments Ltd's results, its headline earnings for the 2011 financial year would decrease by R16,5 million (2010: R13,8 million; 2009: R11,6 million) to 623,0 cents (2010: 617,8 cents; 2009: 632,7 cents) per share.

12. FINANCIAL RISK MANAGEMENT

The financial instruments on the statement of financial position are limited to cash and cash equivalents, trade payables and unclaimed dividends.

Cash and cash equivalents are classified as loans and receivables and trade payables and unclaimed dividends are classified as liabilities measured at amortised cost. None of the financial instruments are measured at fair value, however the fair value of the investment in associate is disclosed in note 2.

The group and company's operations expose it to negligible levels of credit and interest rate risk, and no currency or price risk.

Credit risk relates to bank balances held with financial institutions. The risk is limited by the high credit rating (Moody's: A3) of the financial institutions.

Interest rate risk relates only to the bank balances and any change in interest rates will have a negligible effect on the group and company's results.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The group and company's financial liabilities are all payable within 12 months from the reporting date.

Capital risk management

The group's objective when managing capital is to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders. In terms of the group's dividend policy, dividends received from its indirect interest in Distell, after providing for administration costs, are distributed to shareholders.

The group's capital comprises total equity, as shown in the group statement of financial position. When funding is required, the group will either raise additional capital or utilise debt. There is no restriction on the level of gearing. However, the group will continuously assess the extent of gearing employed, in the context of the level of liquidity within the group's portfolio.

	Shareholders		Shares held	
	Number	%	Number	%
13. SHARE ANALYSIS				
Range of shareholding				
1 – 500	819	36,4	232 733	0,6
501 – 1 000	430	19,1	375 837	0,9
1 001 – 5 000	598	26,6	1 512 251	3,6
Over 5 000	403	17,9	39 879 179	94,9
	<u>2 250</u>	<u>100,0</u>	<u>42 000 000</u>	<u>100,0</u>
Public and non-public shareholding				
Non-public				
Holding company: Capevin Holdings Ltd	1	0,0	21 420 000	51,0
Remgro International Holdings (Pty) Ltd	1	0,0	4 034 692	9,6
Director: Mr CA Otto (indirect non-beneficial interest)	1	0,0	1 000	0,0
Public	<u>2 247</u>	<u>100,0</u>	<u>16 544 308</u>	<u>39,4</u>
	<u>2 250</u>	<u>100,0</u>	<u>42 000 000</u>	<u>100,0</u>
Individual shareholders holding 5% or more as at 30 June 2011				
Holding company: Capevin Holdings Ltd			21 420 000	51,0
Remgro International Holdings Ltd			<u>4 034 692</u>	9,6
			<u>25 454 692</u>	

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THREE YEAR HISTORICAL FINANCIAL INFORMATION OF CVI

1 June 2012

The Board of Directors
Capevin Investments Ltd
35 Kerk Street
Stellenbosch
7600

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF CAPEVIN INVESTMENTS LTD ("CAPEVIN INVESTMENTS")

Introduction

Capevin Investments Ltd ("Capevin Investments"), a subsidiary of Capevin Holdings Ltd, is issuing a circular to its shareholders ("the Circular") regarding the scheme of arrangement in terms of section 114(1) of the Companies Act, proposed by the Capevin Investments Ltd Board between Capevin Investments Ltd and its shareholders, the delisting of Capevin Investments Ltd shares from the JSE and the listing of Capevin Holdings Ltd on the JSE ("the Proposed Transaction").

At your request and for the purpose of the Circular to be dated on or about 4 June 2012, we have audited the historical financial information of Capevin Investments Ltd presented in the Report of Historical Financial Information which comprises the Statement of Financial Position of Capevin Investments Ltd as at 30 June 2011, 30 June 2010 and 30 June 2009, and the income statements, statements of changes in equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory notes ("the Financial Information"), as presented in **Annexure 2** of the Circular, in compliance with the JSE Limited ("JSE") Listings Requirements.

Responsibility

Directors' Responsibility

The directors of Capevin Investments Ltd are responsible for the preparation, contents and presentation of the Circular including the Financial Information. The directors of Capevin Investments Ltd are responsible for the fair presentation of the Financial Information in accordance with International Financial Reporting Standards and in the manner required by the JSE Listings Requirements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Financial Information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the Financial Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Financial Information of Capevin Investments Ltd as set out in **Annexure 2** of the Circular, presents fairly, in all material respects, for the purposes of the Circular, the financial position of Capevin Investments Ltd at 30 June 2011, 30 June 2010 and 30 June 2009, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards and in the manner required by the JSE Listings Requirements.

PricewaterhouseCoopers Inc

Director: HD Nel
Accredited Auditor

INTERIM FINANCIAL INFORMATION OF CVI

BASIS OF PREPARATION

The interim financial information of CVI, have been extracted and compiled from the reviewed interim results of CVI for the six months ended 31 December 2011. The preparation of this **Annexure 4** is the responsibility of the directors of CVI.

The interim financial information of CVI was reviewed by PricewaterhouseCoopers Inc and was reported on without qualification for all of the aforementioned financial period. The independent reporting accountants report on the interim financial information of CVI is included in **Annexure 5**.

Group income statement

for the six months ended 31 December 2011

	Reviewed six months ended 31 December 2011 R'000	Reviewed six months ended 31 December 2010 R'000	Audited year ended 30 June 2011 R'000
Share in profits of associate	225,462	183,347	279,168
Gain on dilution of interest in associate	951	896	1,726
Interest income	96	98	192
Administrative expenses	(727)	(808)	(1,568)
Profit before taxation	225,782	183,533	279,518
Taxation	(26)	(27)	(54)
Profit for the period attributable to equity holders of the company	225,756	183,506	279,464
Profit for the period attributable to equity holders of the company	225,756	183,506	279,464
Non-headline items			
Interest in adjustments of associate, net of taxation	72	(31)	367
Gain on dilution of interest in associate	(951)	(896)	(1,726)
Headline earnings	224,877	182,579	278,105
Earnings per share (cents)			
– Attributable (basic and diluted)	537.5	436.9	665.4
– Headline (basic and diluted)	535.4	434.7	662.2
Number of shares in issue and weighted average (thousands)	42,000	42,000	42,000

Group statement of comprehensive income
for the six months ended 31 December 2011

	Reviewed six months ended 31 December 2011 R'000	Reviewed six months ended 31 December 2010 R'000	Audited year ended 30 June 2011 R'000
Profit for the period attributable to equity holders of the company	225,756	183,506	279,464
Share of other comprehensive income/(loss) of associate	17,591	(9,633)	(8,537)
Other equity movements of associate	2,089	2,265	4,411
Total comprehensive income attributable to equity holders of the company	245,436	176,138	275,338

Group statement of financial position
as at 31 December 2011

	Reviewed six months ended 31 December 2011 R'000	Reviewed six months ended 31 December 2010 R'000	Audited year ended 30 June 2011 R'000
ASSETS			
Non-current assets			
Investment in associate	1,820,421	1,624,640	1,651,777
Current assets			
Income tax receivable	4	982	289
Cash and cash equivalents	1,319	982	285
Total assets	1,821,744	1,625,622	1,652,066
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	42,000	42,000	42,000
Reserves	1,778,669	1,582,579	1,609,396
Total equity	1,820,669	1,624,579	1,651,396
Current liabilities			
Trade payables	472	1,043	670
Unclaimed dividends	603	458	90
Income tax payable		558	580
		27	
Total equity and liabilities	1,821,744	1,625,622	1,652,066
Net asset value per share (cents)	4,335	3,868	3,932

Group statement of changes in owners' equity
for the six months ended 31 December 2011

	Reviewed six months ended 31 December 2011 R'000	Reviewed six months ended 31 December 2010 R'000	Audited year ended 30 June 2011 R'000
Ordinary shareholders' equity at beginning of period	1,651,396	1,524,254	1,524,254
Total comprehensive income	245,436	176,138	275,338
Unclaimed dividends written back	67	627	694
Dividends paid	(76,230)	(76,440)	(148,890)
Ordinary shareholders' equity at end of period	1,820,669	1,624,579	1,651,396
Dividend per share (cents)			
– Interim	198.4	172.5	172.5
– Final			181.5

Group statement of cash flows
for the six months ended 31 December 2011

	Reviewed six months ended 31 December 2011 R'000	Reviewed six months ended 31 December 2010 R'000	Audited year ended 30 June 2011 R'000
Cash flows from operating activities			
Administrative expenses	(727)	(808)	(1,568)
Increase in payables and unclaimed dividends	471	424	146
Cash utilised in operations	(256)	(384)	(1,422)
Dividends received	77,450	77,450	150,205
Dividends paid	(76,230)	(76,440)	(148,890)
Interest received	96	98	192
Taxation (paid)/received	(26)	4	(54)
Net increase in cash and cash equivalents	1,034	728	31
Cash and cash equivalents at beginning of period	285	254	254
Cash and cash equivalents at end of period	1,319	982	285

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS), including IAS 34 – Interim Financial Reporting as well as AC 500 standards; the requirements of the South African Companies Act 71 of 2008, as amended; and the Listings Requirements of the JSE Ltd. The accounting policies applied in the preparation of these interim financial statements are consistent with those used in the previous financial year, and no new accounting standards, interpretations or amendments to IFRS were relevant to the group's operations.

Capevin Investments Ltd ("the company" or "the group" or "Capevin Investments") prepares "economic interest" financial statements in which its interest in associate is equity accounted. These "economic interest" financial statements are referred to as "group" financial statements.

2. GROUP STRUCTURE

The sole investment of Capevin Investments is an effective interest of 29,02% (31 December 2010: 29,07% and 30 June 2011: 29,04%), held via Remgro-Capevin Investments Ltd, in the issued share capital of Distell Group Ltd ("Distell").

3. COMMITMENTS AND CONTINGENCIES

The Distell group has received an assessment from the South African Revenue Service for additional employees tax relating to the Distell Group's share incentive scheme. Distell obtained legal and tax specialist opinions on this matter, which indicated that no provision is necessary and consequently they have submitted an objection to this assessment. Capevin Investments' interest in the amount that is at risk is R15,2 million (excluding penalties and interest).

4. SEGMENT REPORT

Capevin Investments is an investment holding company with its sole investment being an effective interest in Distell. The directors have not identified any other segment to report on.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON INTERIM FINANCIAL INFORMATION OF CVI

1 June 2012

The Board of Directors
Capevin Investments Ltd
35 Kerk Street
Stellenbosch
7600

Dear Sirs

REVIEW REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS' ON THE INTERIM FINANCIAL INFORMATION OF CAPEVIN INVESTMENTS LTD ("CAPEVIN INVESTMENTS") FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

Introduction

Capevin Investments Ltd ("Capevin Investments"), a subsidiary of Capevin Holdings Ltd, is issuing a circular to its shareholders ("the Circular") regarding the scheme of arrangement in terms of section 114(1) of the Companies Act, proposed by the Capevin Investments Ltd Board between Capevin Investments Ltd and its shareholders, the delisting of Capevin Investments Ltd shares from the JSE and the listing of Capevin Holdings Ltd on the JSE ("the Proposed Transaction").

At your request and for the purpose of the Circular to be dated on or about 4 June 2012, we have reviewed the condensed statement of financial position of Capevin Investments as of 31 December 2011 and the related condensed income statement and statement of comprehensive income, changes in equity and cash flows for the six month period then ended ("the Condensed Interim Financial Information"), presented in **Annexure 4** of the Circular, in compliance with the JSE Limited ("JSE") Listings Requirements.

Directors' Responsibility

The directors of Capevin Investments are responsible for the preparation, contents and presentation of the Circular including the Condensed Interim Financial Information. The directors of Capevin Investments are responsible for the preparation and presentation of the Condensed Interim Financial Information presented in **Annexure 4** of the Circular in accordance with International Accounting Standard 34 "Interim Financial Reporting". Their responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting Accountants' Responsibility

Our responsibility is to express a conclusion on the Condensed Interim Financial Information presented in **Annexure 4** to the Circular based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Condensed Interim Financial Information for the six months ended 31 December 2011 as set out in **Annexure 4** to the Circular, has not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting" and in the manner required by the JSE Listings Requirements.

PricewaterhouseCoopers Inc

Director: HD Nel
Accredited Auditor

THREE YEAR HISTORICAL FINANCIAL INFORMATION OF CVH

BASIS OF PREPARATION

The consolidated statements of financial position, statements of comprehensive income, statements of changes in equity, cash flow statements and notes of CVH for the financial years ended 30 June 2009, 2010 and 2011, have been extracted and compiled from the audited consolidated annual financial statements of CVH. The preparation of this **Annexure 6** is the responsibility of the directors of CVH.

The historical financial information of CVH was audited by PricewaterhouseCoopers Inc and was reported on without qualification for all of the aforementioned financial periods. The independent reporting accountants report on the historical financial information of CVH is included in **Annexure 7**.

Shareholders should note that the historical financial information of CVH for the financial year ended 30 June 2009 includes the results of the operating business of CVH (at that time known as KVV Limited) as these results preceded the unbundling in August 2009 of the operating business to shareholders. The historical financial information for the 30 June 2009 financial year is therefore less relevant for the ongoing assessment of CVH.

STATEMENTS OF FINANCIAL POSITION
as at 30 June 2011

	Notes	GROUP			COMPANY		
		2011 R'000	2010 R'000	2009 R'000	2011 R'000	2010 R'000	2009 R'000
ASSETS							
Non-current assets		1,652,027	1,525,464	1,401,702	136,406	136,406	136,753
Investment in subsidiary	4.1				136,156	136,156	136,156
Investment in associates and joint ventures	5	1,651,777	1,525,214	1,401,105			
Available-for-sale financial assets	6	250	250	597	250	250	597
Current assets		3,685	5,387	1,264,394	3,396	5,129	704,865
Property, plant and equipment	2			229,461			
Intangible assets	3			888			
Investment in subsidiaries	4.2						198,495
Investment in associates and joint ventures	5			16,127			9,350
Loans and receivables	7			4,485			
Deferred taxation	14			17,674			
Inventory	8			731,435			
Trade and other receivables	9	5		232,009	5		3
Current income tax asset		4	210	21,344		206	
Derivative financial instruments	10			6,630			
Loans to subsidiaries	4.3						496,789
Cash and cash equivalents	11	3,676	5,177	4,341	3,391	4,923	228
Assets held-for-sale	21.2			54,949			
Total assets		1,655,712	1,530,851	2,721,045	139,802	141,535	841,618
EQUITY AND LIABILITIES							
Equity attributable to owners of the parent							
Share capital	12	11	11	11	11	11	11
Share premium	12	7,000	7,000	7,000	7,000	7,000	7,000
Reserves		835,520	771,536	1,725,917	129,464	130,322	825,158
Ordinary shareholders' interests		842,531	778,547	1,732,928	136,475	137,333	832,169
Non-controlling interests		809,184	746,884	686,818			
Total equity		1,651,715	1,525,431	2,419,746	136,475	137,333	832,169
Non-current liabilities		35	35	76	35	35	76
Deferred taxation	14	35	35	76	35	35	76
Current liabilities		3,962	5,385	301,223	3,292	4,167	9,373
Deferred taxation	14			92,828			
Current portion of non-current borrowings	15.1			42,907			
Current borrowings	15.2			29,488			
Trade and other payables	16	164	155	124,260	74	65	2,254
Unclaimed dividends		3,719	5,230	6,967	3,139	4,102	6,161
Derivative financial instruments	10			428			
Current income tax liability		79		4,345	79		958
Total liabilities		3,997	5,420	301,299	3,327	4,202	9,449
Total equity and liabilities		1,655,712	1,530,851	2,721,045	139,802	141,535	841,618

INCOME STATEMENTS

for the year ended 30 June 2011

	Notes	GROUP			COMPANY		
		2011 R'000	2010 R'000	2009 R'000	2011 R'000	2010 R'000	2009 R'000
CONTINUING OPERATIONS							
Share of profit of associate	5	279,168	274,493	278,788			
Gain/(loss) on dilution of interest in associate		1,726	1,413	(1,101)			
Investment income	17	472	644	854	76,214	76,415	76,607
Other income	18		322			322	
Administrative expenses	19	(2,528)	(5,667)	(10,155)	(960)	(3,639)	(8,743)
Profit before taxation		278,838	271,205	268,386	75,254	73,098	67,864
Taxation	20	(206)	1,294	1,232	(152)	1,294	(2,312)
Profit for the year from continuing operations		278,632	272,499	269,618	75,102	74,392	65,552
DISCONTINUED OPERATIONS							
Profit/(loss) from discontinued operations	21.1		(749,953)	(9,759)		(418,528)	283,502
Profit/(loss) for the year		278,632	(477,454)	259,859	75,102	(344,136)	349,054
Attributable to:							
Non-controlling interests		136,937	134,321	114,546			
– Profit for the year from continuing operations		136,937	134,321	114,546			
Equity holders of the company		141,695	(611,775)	145,313	75,102	(344,136)	349,054
– Profit for the year from continuing operations		141,695	138,178	155,072	75,102	74,392	65,552
– Profit/(loss) for the year from discontinued operations			(749,953)	(9,759)		(418,528)	283,502
		278,632	(477,454)	259,859	75,102	(344,136)	349,054
Earnings per share – basic and diluted (cents)							
	22						
– Continuing operations		31.6	30.8	37.5			
– Discontinued operations		–	(167.4)	(2.4)			
Attributable earnings		31.6	(136.6)	35.1			
– Continuing operations		31.5	30.8	37.5			
– Discontinued operations		–	–	0.2			
Headline earnings		31.5	30.8	37.7			

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2011

	Notes	GROUP			COMPANY		
		2011 R'000	2010 R'000	2009 R'000	2011 R'000	2010 R'000	2009 R'000
(Loss)/profit for the year attributable to equity holders of the company		278,632	(477,454)	259,859	75,102	(344,136)	349,054
Other comprehensive (loss)/income, net of tax	20	(4,126)	(11,837)	(19,610)	–	(221)	14
Share of other comprehensive loss of associate		(8,537)	(9,842)	(23,861)			
Other equity movements of associate		4,411	4,417	5,504			
Revaluation of available-for-sale financial assets				14			14
Disposal of available-for-sale financial assets			(221)			(221)	
Currency translation differences				(1,201)			
Non-controlling interest in deferred taxation on change in unrealised profit in closing inventory of group companies				(66)			
Reclassification of reserves on unbundling			(6,191)				
Total comprehensive (loss)/income for the year		274,506	(489,291)	240,249	75,102	(344,357)	349,068
Attributable to:							
Non-controlling interests		134,915	131,247	105,485	–	–	–
Equity holders of the company		139,591	(620,538)	134,764	75,102	(344,357)	349,068
		274,506	(489,291)	240,249	75,102	(344,357)	349,068

Statements of changes in equity
for the year ended 30 June 2011

	Share premium and capital R'000	Retained earnings R'000	Equity reserve R'000	Other reserves R'000	Non- controlling interest R'000	Total R'000
GROUP						
Balance at 1 July 2008	7,011	955,741	671,497	(63,175)	553,614	2,124,688
Profit for the year		145,313			114,546	259,859
Other comprehensive loss, net of tax	-	-	(9,362)	(1,187)	(9,061)	(19,610)
Share of other comprehensive loss of associate			(14,866)		(8,995)	(23,861)
Other equity movements of associate			5,504			5,504
Revaluation of available-for-sale financial assets				14		14
Currency translation differences				(1,201)		(1,201)
Non-controlling interest in deferred taxation on change in unrealised profit in closing inventory of group companies					(66)	(66)
Total comprehensive income/(loss)	-	145,313	(9,362)	(1,187)	105,485	240,249
Transactions with owners	-	(42,185)	66,374	2,901	27,719	54,809
Treasury shares sold		(1,497)		2,044		547
Share-based payment expense for the year				857		857
Net transfer between reserves		(66,374)	66,374			-
Net interest in reserves sold to non-controlling interests					86,472	86,472
Acquisition of additional interests in subsidiaries		(43,849)				(43,849)
Disposal of interests in subsidiaries		121,298				121,298
Unclaimed dividends written back		7			6	13
Dividends paid		(51,770)			(58,759)	(110,529)
Balance at 30 June 2009	7,011	1,058,869	728,509	(61,461)	686,818	2,419,746

Statements of changes in equity (continued)
for the year ended 30 June 2011

	Share premium and capital R'000	Retained earnings R'000	Equity reserve R'000	Other reserves R'000	Non- controlling interest R'000	Total R'000
GROUP						
Balance at 30 June 2009 (carried forward)						
(Loss)/profit for the year	7,011	1,058,869 (611,775)	728,509	(61,461)	686,818 134,321	2,419,746 (477,454)
Other comprehensive loss, net of tax		(5,776)	(2,766)	(221)	(3,074)	(11,837)
Share of other comprehensive loss of associate			(5,019)		(4,823)	(9,842)
Other equity movements of associate			2,253		2,164	4,417
Disposal of available-for-sale financial assets				(221)		(221)
Reclassification of reserves with unbundling		(5,776)			(415)	(6,191)
Total comprehensive (loss)/income	-	(617,551)	(2,766)	(221)	131,247	(489,291)
Transactions with owners	-	(426,471)	30,696	61,932	(71,181)	(405,024)
Movements in reserves due to unbundling		(9,941)	(35,365)	61,932	1,869	18,495
Net transfer between reserves		(66,061)	66,061			-
Unclaimed dividends written back		3,334			9	3,343
Unbundling – dividend in specie		(279,000)				(279,000)
Dividends paid		(74,803)			(73,059)	(147,862)
Balance at 30 June 2010	7,011	14,847	756,439	250	746,884	1,525,431
Profit for the year		141,695			136,937	278,632
Other comprehensive loss, net of tax	-	-	(2,104)	-	(2,022)	(4,126)
Share of other comprehensive loss of associate			(4,354)		(4,183)	(8,537)
Other equity movements of associate	-	-	2,250	-	2,161	4,411
Total comprehensive income/(loss)	-	141,695	(2,104)	-	134,915	274,506
Transactions with owners	-	(142,258)	66,651	-	(72,615)	(148,222)
Net transfer between reserves		(66,651)	66,651			-
Unclaimed dividends written back		2,332			341	2,673
Dividends paid		(77,939)			(72,956)	(150,895)
Balance at 30 June 2011	7,011	14,284	820,986	250	809,184	1,651,715

Statements of changes in equity (continued)
for the year ended 30 June 2011

	Share premium and capital R'000	Retained earnings R'000	Equity reserve R'000	Other reserves R'000	Non- controlling interest R'000	Total R'000
COMPANY						
Balance at 1 July 2008	7,011	531,623		457		539,091
Profit for the year		349,054				349,054
Other comprehensive income, net of tax:						
Revaluation of available-for-sale financial assets				14		14
Total comprehensive income	-	349,054		14		349,068
Transactions with owners						
Dividends paid		(55,990)				(55,990)
Balance at 30 June 2009	7,011	824,687		471		832,169
Loss for the year		(344,136)				(344,136)
Other comprehensive loss, net of tax:						
Disposal of available-for-sale financial assets				(221)		(221)
Total comprehensive loss	-	(344,136)		(221)		(344,357)
Transactions with owners	-	(350,479)		-		(350,479)
Unclaimed dividends written back		3,324				3,324
Unbundling – dividend in specie		(279,000)				(279,000)
Dividends paid		(74,803)				(74,803)
Balance at 30 June 2010	7,011	130,072		250		137,333
Total comprehensive income						
Profit for the year		75,102				75,102
Transactions with owners	-	(75,960)		-		(75,960)
Unclaimed dividends written back		1,979				1,979
Dividends paid		(77,939)				(77,939)
Balance at 30 June 2011	7,011	129,214		250		136,475

Ordinary dividend per share

Interim: 8,5 cents (2010: 8 cents; 2009: 0 cents)

Final: 8,7 cents (2010: 8,9 cents; 2009: 8,7 cents)

Statements of cash flows
for the year ended 30 June 2011

	Notes	GROUP			COMPANY		
		2011 R'000	2010 R'000	2009 R'000	2011 R'000	2010 R'000	2009 R'000
Cash flows from operating activities							
Administrative expenses	19	(2,528)	(5,667)	(10,155)	(960)	(3,639)	(8,743)
Increase/(Decrease) in trade and other payables and unclaimed dividends		1,171	(862)	2,569	1,025	(1,142)	2,216
Cash (utilised in)/generated by operations		(1,357)	(6,529)	(7,586)	65	(4,781)	(6,527)
Interest received		467	640	506	275	370	218
Taxation (paid)/received		79	(2,439)	(3,642)	133	(2,454)	(3,930)
Dividends received		150,205	150,209	150,553	75,934	76,045	76,389
*Dividends paid		(150,895)	(147,862)	(110,529)	(77,939)	(74,803)	(55,990)
Net cash (outflow)/inflow from discontinued operations	21.1			(16,130)			3,558
		(1,501)	(5,981)	13,172	(1,532)	(5,623)	13,718
Cash flows from investing activities							
Proceeds on disposal of available-for-sale financial asset			669			669	
Loan repaid by group company	21.1		9,649			9,649	
Cash given up on unbundling	21.1		25,987				
Net cash outflow from discontinued operations	21.1			(2,723)			(182,275)
		-	36,305	(2,723)	-	10,318	(182,275)
Cash flows from financing activities							
Net cash inflow from discontinued operations	21.1			137,804			167,545
		-	-	137,804	-	-	167,545
Net (decrease)/increase in cash and cash equivalents		(1,501)	30,324	148,253	(1,532)	4,695	(1,012)
Cash and cash equivalents at beginning of the year		5,177	(25,147)	(173,400)	4,923	228	1,240
Cash and cash equivalents at end of the year	11	3,676	5,177	(25,147)	3,391	4,923	228

* Dividends paid were previously classified as "Cash flow from financing activities".

ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented.

1.1 BASIS OF PREPARATION

The consolidated and company annual financial statements of Capevin Holdings Ltd have been prepared in accordance with International Financial Reporting Standards (IFRS) and the manner required by the Companies Act of South Africa and the JSE Listings Requirements. The financial statements have been prepared under the historical cost convention, except where otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Management has made no significant estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The results of the associate company, which are equity accounted in the group's financial statements, includes some significant estimates and judgements. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are mainly biological assets, impairment of receivables, retirement benefits, impairment of intangible assets, useful life and impairment of property, plant and equipment, inventory provisions, share options and deferred and income taxes.

Standards, interpretations and amendments to published standards that are effective for the first time in 2011 and relevant to the group's operations

No new standards, interpretations or amendments, which are relevant to the group's operations, became effective during the year.

Standards, interpretations and amendments to published standards that are effective for the first time in 2011 and not currently relevant to the group's operations

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective January 2010 and July 2010)
- Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective January 2010)
- Amendments to IAS 32 Classification of Rights Issues (effective February 2010)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective July 2010)
- Improvements to IFRSs 2009 (effective January 2010)
- Improvements to IFRSs 2010 (effective July 2010)

Standards, interpretations and amendments to published standards that are not yet effective but relevant to the group's operations

- IFRS 9 Financial Instruments (effective January 2013)
- IFRS 10 Consolidated Financial Statements (effective January 2013)
- IFRS 12 Disclosure of Interests in Other Entities (effective January 2013)
- Amendment to IAS 1 Presentation of Financial Statements (effective July 2012)
- Consequential amendments to IAS 27 Separate Financial Statements, resulting from the issue of IFRS 10, 11 and 12 (effective January 2013)
- Consequential amendments to IAS 28 Investments in Associates, resulting from the issue of IFRS 10, 11 and 12 (effective January 2013)

Management is in the process of assessing the impact of these new standards and amendments on the reported results of the group.

Standards, interpretations and amendments to published standards that are not yet effective nor relevant to the group's operations

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective July 2011 and January 2013)
- Amendment to IFRS 7 Financial Instruments: Disclosures (effective July 2011)
- IFRS 11 Joint Arrangements (effective January 2013)
- IFRS 13 Fair Value Measurement (effective January 2013)
- Amendment to IAS 12 Income Taxes (effective January 2012)
- Amendment to IAS 19 Employee Benefits (effective January 2013)
- Amendments to IAS 24 Related Party Disclosures (effective January 2011)
- Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement (effective January 2011)
- Amendments to AC 504: IAS 19 (AC 116) – The limit on a defined benefit asset, Minimum funding requirements and their interaction in the South African pension fund environment (effective January 2011)
- Improvements to IFRSs 2010 (effective January 2011)
- Amendment to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities (effective January 2013)
- Amendment to IAS 32 Offsetting Financial Assets and Financial Liabilities (effective January 2014)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective January 2013)

1.2 BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Investment in subsidiaries in the company financials are carried at cost less provision for impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Transactions with non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of

net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Transactions with non-controlling interests

When the group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in its associates' other comprehensive income and other reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

Where equity securities are transferred to investment in associated companies upon gaining significant influence ("step acquisition"), the investment is transferred at its fair value with the resulting gain or loss, as well as any acquisition-related costs, recognised in the income statement. Goodwill is calculated at each stage of step acquisitions. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Investments in associates are accounted for at cost less accumulated impairment losses in the company's financial statements.

Interest-free loans to associates with no specific terms of repayment are considered to be a capital contribution to the associate and are included in the carrying amount of the investment.

Significant accounting policies of associates

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing cost. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable costs of completion and selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges purchases of raw materials.

Employee benefits – Retirement funds: Defined-benefit plans

The liability recognised in the statement of financial position in respect of defined-benefit pension plans and post-retirement medical benefits is the present value of the defined-benefit obligation at the reporting date less the fair value of plan assets together with adjustments to unrecognised past service costs. The defined-benefit obligation is actuarially valued every three years and reviewed every year by independent actuaries using the projected unit credit method. The present value of the defined-benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Current service costs are recognised immediately in income. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised outside profit or loss in the period in which they occur and are presented in other comprehensive income.

Foreign subsidiaries

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each income statement are translated at an average exchange rates unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Joint ventures

Jointly controlled entities are those investments in which the group has a long-term interest and where joint control over the economic activity of an entity is established through a contractual arrangement.

All jointly controlled ventures are accounted for according to the equity method as with associated companies.

Investment in associates in the company financials are carried at cost less provision for impairment.

1.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method at rates considered appropriate to reduce book values to estimated residual values over the useful lives of the assets, as follows:

Buildings	40
Machinery and equipment	10 – 50
Furniture and fittings	5 – 10
Vehicles	5 – 15

Land is not depreciated. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

1.4 INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired. Goodwill is reported in the statement of financial position as an intangible asset. Goodwill on acquisition of associated companies is included in investments in associated companies. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The groups of cash-generating units are not larger than operating segments.

An excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities arises where the net assets of a subsidiary at the date of acquisition, fairly valued, exceed the cost of the acquisition. This excess arising on acquisitions is taken directly to income.

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised over their estimated useful lives (5 to 8 years). Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

1.5 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1.6 INVENTORY

Inventory is stated at the lower of cost and net realisable value. For manufactured products all direct expenses and production overheads, at normal activity levels, are included in the cost of inventory.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

1.7 DERIVATIVE FINANCIAL INSTRUMENTS

The group is party to financial instruments that reduce its exposure to fluctuations in foreign currency exchange rates and interest rates. These instruments mainly comprise foreign currency forward contracts and interest rate swap agreements. The purpose of these instruments is to reduce risk.

Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

Hedge accounting is not applied and changes in the fair value of any derivative instruments are taken to the income statement.

1.8 FINANCIAL ASSETS

The group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables in the statement of financial position consist of trade and other receivables and cash and cash equivalents, and are measured at amortised cost using the effective interest method, less provision for impairment.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of them within 12 months of the reporting date.

Recognition and measurement of financial assets

Purchases and sales of financial assets are recognised on trade date (the date on which the group commits to purchase or sell the asset). Financial assets not carried at fair value through profit or loss, are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment activities.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of investment income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of investment income when the group's right to receive payment is established.

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

Impairment of financial assets

The group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Loans and receivables are considered impaired if, and only if, there is objective evidence of impairment as a result of events that occurred after initial asset recognition (known as loss events) and these loss events have an adverse impact on the assets' estimated future cash flows that can be reliably measured. Objective evidence that loans and advances may be impaired, includes breach of contract, such as a default or delinquency in interest or principal payments. In this regard instalments past due date are considered in breach of contract. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Impairment losses are recognised in the income statement, and reversed through the income statement.

1.9 TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

Trade receivables against which a provision for impairment were made will be written off as soon as no further legal collections are possible. Trade receivables, against which there were no previous provisions for impairment, are written off directly to the income statement as soon as there are no further legal collections.

1.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and investments in money market instruments. Cash and cash equivalents are classified as loans and receivables (refer note 1.3).

1.11 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of any tax, from the proceeds.

Where any group company, including the KVV Share Incentive Trust, purchases the company's equity share capital such shares are classified as treasury shares. The consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders. These shares are treated as a deduction from the issued number of shares and taken into account in the calculation of the weighted average number of shares in issue.

1.12 RESERVES

Available-for-sale reserve

Gains and losses from changes in the fair value of available-for-sale investments are recognised in other comprehensive income until the financial asset is disposed of.

Equity reserve

The equity reserve comprises the group's share of associates' post-acquisition reserves, excluding non-controlling interests.

Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries and joint ventures into the presentation currency of the group.

Share-based payment reserve

The share-based payment reserve comprises of amounts that were expensed as part of the group's equity-settled share-based compensation plan.

1.13 FINANCIAL LIABILITIES

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Trade payables and unclaimed dividends

Trade payables and unclaimed dividends are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

1.14 PROVISIONS

Provisions are recognised when the group has a present legal or constructive liability as a result of past events, the settlement of which is expected to result in an outflow of economic benefits and if the monetary value of the liability can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as finance costs.

1.15 TAXATION

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the group's subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.16 REVENUE RECOGNITION

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of goods

Income from sales of products is accounted for when the risks and rewards pass to the customer and collectability of related receivables is reasonably assured. It excludes excise duty to the extent that it was directly recovered from clients and also value added tax, sales tax, rebates and discounts. Sales within the group are eliminated on consolidation.

Revenue is recognised at the fair value of consideration received or receivable.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.

Dividend income

Dividend income is recognised when the right to receive payment is established.

1.17 NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

1.18 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in South African rands, which is the holding company's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, within operating expenses.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in other comprehensive income.

Group companies

Translation of the results and financial position of group companies is dealt with in note 1.2.

1.19 EMPLOYEE BENEFITS

Pension obligations

It is the company's policy to provide retirement benefits for its employees. For this purpose there are two funds with defined contributions, both which are regulated by the Pension Fund Act of 1956. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. All the company's employees are members of the funds and contribute to the funds monthly.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Short-term benefits

The cost of all short-term employee benefits, such as salaries, employee entitlements to leave pay, bonuses, medical aid and other contributions, are recognised during the period in which the employee renders the related service. The group recognises the expected cost of bonuses only when the group has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Share-based payments

The group operates an equity-settled, share-based compensation plan, as well as a cash-settled scheme. The fair value of the employee services received in exchange for the granting of these instruments is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the instruments granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of instruments that are expected to be exercised. At each reporting date, the group revises its estimates of the number of instruments that are expected to vest and the impact of the revision of original estimates are recognised in the income statement over the remaining vesting period.

Share options ("options")

A share-based payment reserve is recognised as part of equity and represents the fair value of the options at grant date. The proceeds received net of any directly attributable transaction costs are credited to reserves when the options are exercised.

Cash-settled Share Appreciation Rights ("SARs")

A liability is raised for the fair value of the cash share scheme at each reporting date. Until the liability is settled, the group remeasures the fair value of the liability at each reporting date and at the date of settlement, with any changes in value recognised in profit or loss for the period.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

Leave pay policy

The leave pay accrual relates to vested leave pay to which employees may become entitled upon leaving the employment of the group. The accrual arises as employees render a service that increases their entitlement to future compensated leave. The accrual is utilised when employees who are entitled to leave pay, leave the employment of the group or when the accrued leave due to an employee, is utilised.

1.20 DIVIDEND DISTRIBUTION

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's board of directors.

1.21 STATEMENT OF CASH FLOWS

The statement of cash flows is prepared using the indirect method.

1.22 LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

1.23 BIOLOGICAL ASSETS

Biological assets are carried at fair value less expected selling cost. Gains and losses arising from changes in fair value are accounted for in profit and loss during the period in which they arise. Fair value is calculated by discounting the net cash flows of the vineyards over the remaining lives thereof at an appropriate discount rate. Agricultural products are initially stated at fair value less estimated point-of-sale costs at the time of harvest. Subsequent to initial recognition, agricultural products are stated at the lower of cost or net realisable value.

1.24 SEGMENT REPORT

Capevin Holdings Ltd is an investment holding company with its only significant investment being an effective interest in Distell Group Ltd. The directors have not identified any other segment to report on.

1.25 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.26 SECONDARY TAX ON COMPANIES

South African resident companies are subject to a dual corporate tax system, one part of the tax being levied on taxable income and the other, a secondary tax ("STC"), on distributed income. A company incurs STC charges on the declaration or deemed declaration of dividends (as defined under South African tax law) to its shareholders. STC is not a withholding tax on shareholders, but a tax on companies.

The STC tax consequence of dividends is recognised as a taxation charge in profit and loss in the same period that the related dividend is accrued as a liability. The STC liability is reduced by dividends received during the dividend cycle. Where dividends declared exceed the dividends received during a cycle, STC is payable at the current STC rate on the net amount. Where dividends received exceed dividends declared within a cycle, there is no liability to pay STC. The potential tax benefit related to excess dividends is carried forward to the next dividend cycle as an STC credit. Deferred tax assets are recognised on unutilised STC credits to the extent that it is probable that the company will declare dividends in the following year to utilise such STC credits.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2011

2. PROPERTY, PLANT AND EQUIPMENT GROUP

	Land and buildings	Machinery and equipment	Furniture and fittings	Vehicles	Plant under construction	Total
Year ended 30 June 2009						
Opening carrying value	50,168	229,404	15,605	4,458	2,760	302,395
Cost	70,258	513,695	43,680	10,826	2,760	641,219
Accumulated depreciation	(20,090)	(284,291)	(28,075)	(6,368)		(338,824)
Additions/(transfers)	696	25,998	3,526	1,510	(1,652)	30,078
Disposals	(816)	(1,537)	(225)	(1,008)		(3,586)
Depreciation charge	(1,835)	(27,043)	(5,276)	(815)		(34,969)
Impairment charge		(18,033)	(1,386)			(19,419)
Closing carrying value	48,213	208,789	12,244	4,145	1,108	274,499
Cost	69,934	525,024	46,049	9,470	1,108	651,585
Accumulated depreciation	(21,721)	(316,235)	(33,805)	(5,325)		(377,086)
Year ended 30 June 2010						
Opening carrying value	48,213	208,789	12,244	4,145	1,108	274,499
Cost	69,934	525,024	46,049	9,470	1,108	651,585
Accumulated depreciation	(21,721)	(316,235)	(33,805)	(5,325)		(377,086)
Unbundling	(48,213)	(208,789)	(12,244)	(4,145)	(1,108)	(274,499)
Closing carrying value	-	-	-	-	-	-

GROUP

	2011 R'000	2010 R'000	2009 R'000
Disclosed on the statement of financial position as:			
Assets held for sale			45,038
Property, plant and equipment			229,461
	-	-	274,499

All property, plant and equipment formed part of the operational assets and activities unbundled during the 2010 financial year (refer note 21.1).

3. INTANGIBLE ASSETS

Computer software

Opening carrying value	-	888	5,187
Cost		10,231	10,030
Accumulated amortisation		(9,343)	(4,843)
Additions			202
Disposals			(118)
Amortisation charge			(1,115)
Impairment charge			(3,268)
Unbundling		(888)	
Closing carrying value	-	-	888
Cost			10,231
Accumulated amortisation			(9,343)

All intangible assets formed part of the operational assets and activities unbundled during the 2010 financial year (refer note 21.1).

	GROUP			COMPANY		
	2011 R'000	2010 R'000	2009 R'000	2011 R'000	2010 R'000	2009 R'000
4. INVESTMENT IN SUBSIDIARY						
4.1 Listed subsidiaries						
Investment in Capevin Investments Ltd				136,156	136,156	136,156
Capevin Holdings Ltd holds a 51% (2010: 51%; 2009: 51%) interest in Capevin Investments Ltd.						
4.2 Unlisted subsidiaries						
KWV International Holding GmbH						10,821
KWV Intellectual Property (Pty) Ltd						130,000
KWV International (Pty) Ltd						57,664
KWV South Africa (Pty) Ltd						10
						<u>198,498</u>
4.3 Loans to subsidiaries						
Loan to KWV International (Pty) Ltd						81,358
Loan to KWV South Africa (Pty) Ltd						415,431
						<u>496,789</u>
The unlisted investments and loans formed part of the operational assets and activities unbundled during the 2010 financial year (refer note 21.1).						
5. INVESTMENT IN ASSOCIATE						
Equity interests						
Unlisted shares at cost less impairment			9,650			4,872
Interest in post-acquisition reserves			2,897			
Unrealised profit in closing inventory of associates and joint ventures			(3,940)			
Loans						
Golden Kaan Ltd			4,478			4,478
Unsecured, Euro-denominated loan bearing interest at 6,8%, and with no fixed repayment terms.						
Vititec (Pty) Ltd			3,042			
Unsecured, Rand-denominated loan bearing interest at prime less 2%, and with no fixed repayment terms.						
Current investment	-	-	16,127	-	-	9,350
Equity interests						
Unlisted investment in Remgro-Capevin Investments Ltd – at cost	42,000	42,000	42,000			
The investment comprises 50 ordinary shares of R1 each and an unsecured, interest-free loan with no specific terms of repayment. The investment ultimately represents a shareholding of 14,81% (2010: 14,85%; 2009: 14,90%) in Distell Group Ltd.						

	GROUP			COMPANY		
	2011 R'000	2010 R'000	2009 R'000	2011 R'000	2010 R'000	2009 R'000
5. INVESTMENT IN ASSOCIATE						
<i>(continued)</i>						
Interest in post-acquisition reserves	1,609,777	1,483,214	1,359,105			
Balance at beginning of the year	1,483,214	1,359,105	1,249,706			
Share of profit of associate	279,168	274,493	278,788			
Dividend received from associate	(150,205)	(150,205)	(150,205)			
Gain/(loss) on dilution of interest in associate	1,726	1,413	(1,101)			
Unrealised profit in closing inventory of group companies		3,833	274			
Other comprehensive loss	(4,126)	(5,425)	(18,357)			
Non-current investment	1,651,777	1,525,214	1,401,105	-	-	-
	1,651,777	1,525,214	1,417,232	-	-	9,350

The investment in associates and joint ventures classified as current formed part of the operational assets and activities unbundled during the 2010 financial year (refer note 21.1).

The market value of the Distell Group Ltd investment, based on the JSE Ltd price at 30 June 2011, amounted to R4,2 billion (2010: R3,8 billion; 2009: R3,2 billion).

Principal financial information in respect of Distell Group Ltd:

Abridged statement of financial position

Total assets	8,483,580	8,201,031	7,449,575
Non-current	2,986,668	2,732,444	2,360,319
Current	5,496,912	5,468,587	5,089,256
Total liabilities	(2,789,571)	(2,962,730)	(2,640,201)
Non-current	(731,858)	(673,946)	(638,974)
Current	(2,057,713)	(2,288,784)	(2,001,227)
Total equity	5,694,009	5,238,301	4,809,374

Abridged income statement

Revenue	12,327,786	11,808,884	10,863,728
Profit for the year attributable to ordinary shareholders	960,673	941,556	953,712
<i>Earnings per share (cents)</i>			
- attributable	476.2	468.1	475.3
- diluted attributable	448.0	444.5	455.4
- headline	476.8	469.1	474.8
- diluted headline	448.6	445.4	455.0
Dividend per share (cents)	256.0	256.0	256.0
- interim	124.0	124.0	124.0
- final (declared after year-end)	132.0	132.0	132.0

	GROUP			COMPANY		
	2011 R'000	2010 R'000	2009 R'000	2011 R'000	2010 R'000	2009 R'000
6. AVAILABLE-FOR-SALE FINANCIAL ASSETS						
Unlisted investments						
Kaap Agri Ltd			347			347
Historical Homes of South Africa Ltd	250	250	250	250	250	250
	250	250	597	250	250	597

7. LOANS AND RECEIVABLES

Loan to Edward Cavendish & Sons Ltd ("ECS")						4,485
---	--	--	--	--	--	-------

The loan was secured by ECS's holding company, Thierry's Wine Services. It carried interest at 14.17% and was repayable in monthly instalments of £19,500 over a five year period. The loan was carried at an impaired valuation as there were doubts with regard to its recoverability.

The loan formed part of the operational assets and activities unbundled during the 2010 financial year (refer note 21.1).

8. INVENTORY

Liquid inventory						716,332
Auxiliary material						25,014
				-	-	741,346

Disclosed on the statement of financial position as:

Assets held for sale						9,911
Inventory						731,435
				-	-	741,346

Inventory carried at net realisable value						15,563
---	--	--	--	--	--	--------

Cost of inventories recognised as expense and included in cost of sales

				-	-	508,420
--	--	--	--	---	---	---------

The inventory formed part of the operational assets and activities unbundled during the 2010 financial year (refer note 21.1).

	GROUP			COMPANY		
	2011 R'000	2010 R'000	2009 R'000	2011 R'000	2010 R'000	2009 R'000
9. TRADE AND OTHER RECEIVABLES						
Trade receivables			183,799			
Other receivables	5		53,483	5		3
	5	–	237,282	5	–	3
<i>Less: Provision for impairment</i>			(5,273)			
	5	–	232,009	5	–	3

The trade and other receivables formed part of the operational assets and activities unbundled during the 2010 financial year (refer note 21.1).

10. DERIVATIVE FINANCIAL INSTRUMENTS

Foreign exchange options (“zero cost collar”) – assets			4,891			
Forward exchange contracts – assets			1,739			
– liabilities			(167)			
Interest rate options (“zero cost collar”) – liabilities			(261)			
	–	–	6,202			

The derivative financial instruments formed part of the operational assets and activities unbundled during the 2010 financial year (refer note 21.1).

11. CASH AND CASH EQUIVALENTS

Cash at bank and money market funds	3,676	5,177	4,341	3,391	4,923	228
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Composition of cash and cash equivalents for purposes of the statements of cash flows:

Cash at bank and money market funds	3,676	5,177	4,341	3,391	4,923	228
Borrowings (refer note 15)			(29,488)			
	3,676	5,177	(25,147)	3,391	4,923	228

Cash at bank and money market funds of R3,501,000 formed part of the operational assets and activities unbundled during the 2010 financial year (refer note 21.1).

	GROUP			COMPANY		
	2011 R'000	2010 R'000	2009 R'000	2011 R'000	2010 R'000	2009 R'000
12. SHARE CAPITAL AND PREMIUM						
Authorised						
643,388,800 ordinary profit-sharing class A shares with a par value of 0,0025 cents each	16	16	16	16	16	16
1,556,611,200 ordinary non-profit-sharing class B shares with a par value of 0,0025 cents each	39	39	39	39	39	39
	55	55	55	55	55	55
Issued						
447,923,265 ordinary profit-sharing class A shares with a par value of 0,0025 cents each	11	11	11	11	11	11
Share premium						
Balance at beginning and end of year	7,000	7,000	7,000	7,000	7,000	7,000

At the 2009 financial year 33,736,333 treasury shares were held by the KWV Employee Empowerment Trust (30,351,280 shares) and the KWV Share Incentive Trust (3,385,053 shares) and thus the net number of issued shares were 414,186,932. Through the unbundling of Capevin Holdings Ltd's operational assets and activities (refer note 21.1) these shares ceased to be treasury shares.

13. OTHER RESERVES

	Currency translation reserve R'000	Treasury shares R'000	Share-based payment reserve R'000	Available- for-sale reserve R'000	Total R'000
GROUP					
Balance at 1 July 2008	4,233	(70,167)	2,302	457	(63,175)
Movement during the year	(1,201)				(1,201)
Treasury shares sold		2,044			2,044
Revaluation of available-for-sale financial assets				14	14
Share-based payment expense for the year			857		857
Balance at 30 June 2009	3,032	(68,123)	3,159	471	(61,461)
Unbundling	(3,032)	68,123	(3,159)		61,932
Disposal of available-for-sale financial assets				(221)	(221)
Balance at 30 June 2010	–	–	–	250	250
Balance at 30 June 2011	–	–	–	250	250
COMPANY					
Balance at 1 July 2008				457	457
Revaluation of available-for-sale financial assets				14	14
Balance at 30 June 2009				471	471
Disposal of available-for-sale financial assets				(221)	(221)
Balance at 30 June 2010				250	250
Balance at 30 June 2011				250	250

	GROUP			COMPANY		
	2011 R'000	2010 R'000	2009 R'000	2011 R'000	2010 R'000	2009 R'000
14. DEFERRED TAXATION						
The movements on the deferred income tax account were as follows:						
Balance at beginning of the year	35	75,230	76,473	35	76	74
Accounted for against income			(1,311)			
Revaluation of available-for-sale financial assets			2			2
Non-controlling interest in change in unrealised profit in closing inventory of group companies			66			
Disposal of available-for-sale financial assets		(41)			(41)	
Unbundling		(75,154)				
	35	35	75,230	35	35	76
The analysis of deferred tax assets and liabilities is as follows:						
Capital allowances			57,924			
Inventory revaluation			40,839			
Provisions and accruals			(4,780)			
Revaluation of available-for-sale financial assets	35	35	76	35	35	76
Unrealised profit in closing inventories of group companies			(577)			
Computed taxation loss			(18,252)			
	35	35	75,230	35	35	76
The net deferred tax asset is represented on the statement of financial position by:						
Group companies with net deferred tax assets			(17,674)			
Group companies with net deferred tax liabilities	35	35	92,904			
	35	35	75,230			

15. BORROWINGS

15.1 Current portion of non-current borrowings

Unsecured loan bearing interest at a fixed rate of 9,65% per annum. Interest is payable quarterly and the capital is repayable in 20 quarterly instalments over 5 years, with the final payment on 30 April 2010. Loan from Phetogo Investment Limited bearing interest at rates varying between 1% and the prime rate. It is repayable in annual instalments on the holding company's dividend payment date, in amounts equal to the dividend on 7,955,117 shares in Capevin Holdings Ltd. This loan was redeemed on 14 August 2009.

			30,484		
			12,423		
	-	-	42,907		

	GROUP			COMPANY		
	2011	2010	2009	2011	2010	2009
	R'000	R'000	R'000	R'000	R'000	R'000
15.2 Current borrowings						
Unsecured call borrowings with interest rates ranging between 8,8% and 9,5%.			29,488			
	-	-	72,395			
Fair value of borrowings			72,101			
At the 2009 reporting date these loans were all viewed as current due to the pending unbundling (refer note 21.1).						
16. TRADE AND OTHER PAYABLES						
Trade payables			57,617			
Other payables and accruals	164	155	66,643	74	65	2,254
	164	155	124,260	74	65	2,254
Trade and other payables of R120,876,000 formed part of the operational liabilities and activities unbundled during the 2010 financial year (refer note 21.1).						
17. INVESTMENT INCOME						
Dividend income						
Dividends received from Capevin Investments Ltd				75,934	76,041	76,041
Dividends received from available-for-sale investments	5	4	348	5	4	348
Interest income						
Cash and short-term funds	467	640	506	275	370	218
	472	644	854	76,214	76,415	76,607
18. OTHER INCOME						
Profit on disposal of unlisted available-for-sale financial assets		322			322	
19. ADMINISTRATIVE EXPENSES						
Auditor's remuneration (audit services)	150	798	410	64	622	341
- current year	150	252	410	64	141	341
- prior year under-provision		546			481	
Expenses incurred in respect of mandatory offer		685			335	
Directors' emoluments		288	3,113		288	3,113
Other administrative expenses	2,378	3,896	6,632	896	2,394	5,289
	2,528	5,667	10,155	960	3,639	8,743

	GROUP			COMPANY		
	2011 R'000	2010 R'000	2009 R'000	2011 R'000	2010 R'000	2009 R'000
20. TAXATION						
South Africa normal tax						
Current year	130		72	76		3,616
Prior year over provision		(1,253)	(1,304)		(1,253)	(1,304)
South Africa normal tax – deferred		(41)			(41)	
South Africa secondary tax on companies	76			76		
	206	1,294	1,232	152	1,294	2,312
	%	%	%	%	%	%
Tax rate reconciliation:						
Standard rate for companies	28.00	28.00	28.00	28.00	28.00	28.00
Income from associate	(28.21)	(28.49)	(29.54)			
Exempt dividend income				(28.25)	(29.13)	(10.94)
Income of a capital nature		(0.02)	(0.14)		(0.06)	(16.72)
Non-deductible expenses	0.25		1.73	0.35		0.69
Adjustment for foreign taxation			(0.03)			
Prior year over provision		(0.46)	(0.67)		(1.71)	(0.37)
Secondary tax on companies	0.03			0.10		
Tax losses for which no deferred income tax asset was recognised		0.49			1.13	
	0.07	(0.48)	(0.65)	0.20	(1.77)	0.66
History shows that STC credits increase over time as dividends received exceed dividends paid. Therefore no deferred tax asset has been raised on the unutilised STC credits:	11,486	11,413	283,424	1,242	253,562	

Should all distributable reserves be paid out, the group's STC liability would amount to R148,474,000 (2010: R137,001,000), and the company's would amount to R11,769,000 (2010: R11,735,000). These amounts should however be considered taken into account the implementation of dividend tax on shareholders on 1 April 2012.

21. DISCONTINUED OPERATIONS

21.1 Unbundling of operational assets and activities

Effective 1 July 2009 Capevin Holdings Ltd unbundled its operational assets and activities and retained only its interest in the listed subsidiary, Capevin Investments Ltd (previously KVV Investments Ltd), as well as an available-for-sale investment in Historical Homes of South Africa Ltd.

As a result all unbundled assets and liabilities, classified during the 2009 year as being current pending the unbundling, have been distributed as a dividend in specie and accounted for in accordance with IFRIC 17 "Distributions of Non-cash Assets to Owners". In terms of IFRIC 17 the distribution should be recorded at fair value with the difference between the fair value and the carrying value of the assets distributed being recorded in the income statement. The fair value of the R1 029 million dividends in specie was determined by independent experts, being R279 million, and accordingly recognised in equity with the remaining accounting loss recognised in the income statements.

The assets relating to KVV South Africa's grape juice concentrate business have been presented as held for sale during the 2009 year, and formed part of the operational assets and activities unbundled (refer note 21.2).

	GROUP	COMPANY
	2009	2009
	R'000	R'000
<i>Net assets of unbundled operations:</i>		
Property, plant and equipment	229,461	
Intangible assets	888	
Investments in subsidiaries		198,495
Investment in associates and joint venture	16,127	9,350
Loans and receivables	4,485	
Deferred tax assets	17,674	
Inventory	731,435	
Trade and other receivables	232,006	
Current income tax assets	21,325	
Derivative financial assets	6,630	
Loans to subsidiaries		496,789
Cash and cash equivalents	3,501	
Assets held for sale	54,949	
Deferred tax liabilities	(92,828)	
Borrowings	(72,395)	
Trade and other payables	(120,876)	
Derivative financial liabilities	(428)	
Current income tax liabilities	(3,387)	
	1,028,567	704,634
Dividend in specie	(279,000)	(279,000)
Movements in reserves and non-controlling interest	(18,495)	
Taxation on unbundling transaction	2,543	2,543
Loss on unbundling	(749,953)	(418,528)
Loan repaid by group company	(9,649)	(9,649)
Cash proceeds on unbundling	(25,987)	-
Cash and cash equivalents of unbundled operations	25,987	
Net cash flow on unbundling	-	-

	GROUP			COMPANY		
	2011 R'000	2010 R'000	2009 R'000	2011 R'000	2010 R'000	2009 R'000
21. DISCONTINUED OPERATIONS (continued)						
21.1 Unbundling of operational assets and activities (continued)						
<i>Cash flows from discontinued operations:</i>						
Net cash (outflow)/inflow from operating activities			(16,130)			3,558
Net cash outflow from investing activities			(2,723)			(182,275)
Net cash inflow from financing activities			137,804			167,545
	-	-	118,951	-	-	(11,172)

Above cash flows includes KVV South Africa's grape juice concentrate business (refer note 21.2).

Results of unbundled operational assets and activities:

Revenue			693,864			
Cost of sales			(437,658)			
Gross profit	-	-	256,206	-	-	-
Other income and net gains and losses			(7,191)			282,938
Operating expenses			(257,484)			
Operating (loss)/profit	-	-	(8,469)	-	-	282,938
Finance income			3,458			564
Finance costs			(37,498)			
Share of profit of associates and joint ventures			(4,002)			
(Loss)/profit before taxation	-	-	(46,511)	-	-	283,502
Taxation			6,766			
(Loss)/profit from continuing operations	-	-	(39,745)	-	-	283,502
Profit from discontinued operations (refer note 21.2)			29,986			
(Loss)/profit for the year	-	-	(9,759)	-	-	283,502
Loss on assets to be distributed remeasured to fair value		(749,953)			(418,528)	
(Loss)/profit from discontinued operations	-	(749,953)	(9,759)	-	(418,528)	283,502

21. DISCONTINUED OPERATIONS (continued)

21.2 Disposal of grape juice concentrate business

The assets relating to KVV South Africa's grape juice concentrate business have been presented as held for sale during the 2009 financial year, following the finalisation of the sale of the business, as a going concern, to Orange River Wine Cellars in Upington. The effective date of this transaction was 1 September 2009, and thus the business formed part of the operational assets and activities unbundled effective 1 July 2009 (refer note 21.1).

	GROUP
	2009
	R'000
<hr/>	
<i>The disposal group classified as held for sale included:</i>	
Property plant and equipment (refer note 2)	45,038
Inventory(refer note 8)	9,911
	<hr/> 54,949
<i>Results of grape juice concentrate business:</i>	
Revenue	176,108
Cost of sales	<hr/> (153,330)
Gross profit	22,778
Operating expenses	<hr/> (189)
Profit before taxation	22,589
Taxation	<hr/> (6,325)
Profit for the year	16,264
Profit on sale of discontinued operations (plant propagation business)	<hr/> 13,722
Profit from discontinued operations	<hr/> 29,986
<i>Cash flows from grape juice concentrate business:</i>	
Net cash inflow from operating activities	35,907
Net cash outflow from investing activities	<hr/> (4,131)
	<hr/> 31,776

22. EARNINGS PER SHARE

	Continuing operations			Discontinued operations			Total		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	2011	2010	2009	2011	2010	2009	2011	2010	2009
GROUP									
The calculation of earnings per share is based on the following:									
Earnings attributable to equity holders of the company	141,695	138,178	155,072		(749,953)	(9,759)	141,695	(611,775)	145,313
Interest in adjustments of associate, net of taxation	187	302	(137)				187	302	(137)
(Gain)/loss on dilution of interest in associate	(880)	(721)	562				(880)	(721)	562
Loss on unbundling					749,953			749,953	
Profit on sale of non-current assets						(19,228)			(19,228)
Impairment of loans and receivables						13,347			13,347
Impairment of property, plant and equipment and software						16,335			16,335
Headline earnings attributable to equity holders of the company	141,002	137,759	155,497	-	-	695	141,002	137,759	156,192
Number of shares used in calculation of earnings per share (thousands)									
Shares in issue at beginning of the year							447,923	414,187	413,578
Movement in treasury shares									609
Treasury shares released through unbundling (effective 1 July 2009)								33,736	
							447,923	447,923	414,187
Basic and diluted									
Attributable earnings per share (cents)	31.6	30.8	37.5		(167.4)	(2.4)	31.6	(136.6)	35.1
Headline earnings per share (cents)	31.5	30.8	37.5			0.2	31.5	30.8	37.7

23. RELATED-PARTY TRANSACTIONS

23.1 Dividends received and administrative fees paid

During the 2011 financial year the group received dividends from Distell Group Ltd (an associate) as set out in note 5, and the group paid administrative fees of R1,037,000 (excl VAT) (2010: R1,037,000; 2009: Rnil) and a sponsor fee of R25,000 (excl VAT) (2010: R25,000; 2009: Rnil) to PSG Corporate Services (Pty) Ltd (a fellow subsidiary of an investor with significant influence over the group).

During the 2011 financial year, as part of the group's administration agreement, PSG Corporate Services (Pty) Ltd paid directors' remuneration as set out below:

- For services rendered up to and including the board meeting held on 30 August 2010, R20,000 was paid to each of Messrs AEvZ Botha and JJ Mouton, and R25,000 was paid to Mr KI Mampeule in his capacity as chairman.
- For services rendered up to and including the board meeting held on 23 February 2011, R20,000 was paid to Mr AEvZ Botha.

During the 2010 financial year, as part of the group's administration agreement, PSG Corporate Services (Pty) Ltd paid directors' remuneration of R20,000 to each of Messrs AEvZ Botha, JJ Mouton and CA Otto, and R25,000 to Mr KI Mampeule in his capacity as chairman.

Director's remuneration for the 2009 and 2010 financial years relating to the group's discontinued operations are disclosed in note 23.3 below.

During the 2009 financial year (with the group's operational activities and assets still forming part of the group) the group companies entered into various sales transactions with associates, and wine and grapes were sometimes purchased from directors:

	GROUP
	2009
	R'000
Sales to associates	32,072
Due by associates at the end of the year	1
Sales to a joint venture company	35,205
Services rendered to a joint venture company	1,811
Due by joint venture companies at the end of the year	11,987
Sales to directors	157
Purchases from directors	206
Purchases from joint venture company	1,282
Purchases from associate	791
Due to associate at the end of the year	53

The above are included with income and receivables, investments in associates, as well as inventory or cost of sales, in the group financial statements.

	R'000 2010	R'000 2009
23.2 Administration fees levied on subsidiaries	–	3,212
23.3 Directors' emoluments – discontinued operations		
Executive	–	7,271
EE Böhme		1,555
MJ Loubser		3,385
CC Stewart		2,331
Non-executive	371	3,094
AEvZ Botha	41	230
VA Christian	27	304
D de Wet	72	565
AS du Plessis		294
F-A du Plessis	18	213
CJ du Toit		103
MM Isaacs	27	126
PBB Hugo	27	258
BS Jack-Pama		70
AE Jacobs	13	75
KI Mampeule	35	125
JF Mouton	10	134
PB Retief	23	282
IB Skosana	26	157
CH Wiese	12	158
Retired directors		
Pensions	2	19
Total directors' emoluments	373	10,384
Less: Paid by subsidiaries	(85)	(7,271)
Paid by the company	288	3,113

At the 2009 report date there were 1,9 million unexercised share options of executive directors. Through the unbundling (refer note 21.1) the entities that have awarded these options no longer form part of the group.

24. EQUITY COMPENSATION BENEFITS

During the 2009 financial year (with the group's operational activities and assets still forming part of the group) the group offered equity compensation benefits to employees. The disclosure relating to these items were not re-presented, since it is not relevant to an understanding of the current period's financial statements.

25. CONTINGENT LIABILITIES

During the 2011 financial period, the Distell Group Ltd group ("Distell group") received an assessment from the South African Revenue Service for additional employees tax relating to Distell group's share incentive scheme. The Distell group obtained legal and tax specialist opinions on this matter, which indicated that no provision is necessary and are in the process of formalising an objection to this assessment. The Capevin Holdings group's interest in the amount that is at risk is R7,8 million (excluding penalties and interest).

26. BLACK ECONOMIC EMPOWERMENT (BEE) AND DILUTION OF INTEREST IN ASSOCIATE

In October 2005 Distell entered into a broad-based black economic empowerment transaction. As part of this transaction, options on Distell shares were issued to the BEE consortium and have been accounted for in terms of IFRS 2, Share Based Payments.

The cost of this transaction to Distell's shareholders, calculated by using an option pricing model, equated to R122,3 million. R67,2 million of this amount related to non-employees and has been expensed in full in the 2006 financial year. The remaining R55,1 million relates to Distell employees' portion and is being expensed over a vesting period of 8 years.

In terms of the transaction Distell will issue ordinary shares to the BEE consortium, between 30 June 2013 and 30 June 2015. This will result in a dilution of Capevin Holdings Ltd's interest (through its shareholding in Capevin Investments Ltd) in Distell. The extent of the eventual dilution of Distell's shareholders will depend on a number of factors, but it will not exceed the maximum limit of 15%.

When these shares are issued to the BEE consortium, Capevin Investments Ltd will recognise a dilution of up to 15% against its investment in its associate (currently carried at R1,7 billion). At the same time its interest in Distell's earnings will decrease by up to 15%.

To take cognisance of the above, Distell's 2011 financial statements disclose diluted headline earnings per share that is 5,9% (2010: 5,1%; 2009: 4,2%) less than the headline earnings per share.

Although there has been no real dilution of Capevin Holdings Ltd's interest yet, this is viewed as a realistic indication of the extent to which the rights, which will lead to the eventual dilution, have already vested.

If the basis on which Distell has calculated its diluted headline earnings per share is applied to the group's results, its headline earnings for the 2011 financial year would decrease by R8,3 million (2010: R7,0 million; 2009: R6,6 million) to 29,6 cents (2010: 29,2 cents; 2009: 36,1 cents) per share.

27. COMMITMENTS

At the 2009 reporting date (with the group's operational activities and assets still forming part of the group) the group had certain capital, operating lease and credit facility commitments. The disclosure relating to these items were not re-presented, since it is not relevant to an understanding of the current period's financial statements.

28. UNBUNDLING

Effective 1 July 2009 Capevin Holdings Ltd unbundled its operational assets and activities and retained only its interest in the listed subsidiary, Capevin Investments Ltd (previously KWV Investments Ltd), as well as an available-for-sale investment in Historical Homes of South Africa Ltd.

As a result all unbundled assets and liabilities were distributed as a dividend in specie and accounted for in accordance with IFRIC 17 "Distributions of Non-cash Assets to Owners". In terms of IFRIC 17 the distribution should be recorded at fair value with the difference between the fair value and the carrying value of the assets distributed being recorded in the income statement. The fair value of the distribution was determined by independent experts, being R279 million, and accordingly recognised in equity with the remainder recognised in the income statements.

29. FINANCIAL RISK MANAGEMENT

The financial instruments on the 2011 financial year's statement of financial position are limited to available-for-sale financial assets, cash and cash equivalents and trade payables.

Cash and cash equivalents are classified as loans and receivables and trade payables and unclaimed dividends are classified as liabilities measured at amortised cost.

The group and company's current operations expose it to negligible levels of credit, interest rate and price risk, and no currency risk.

Credit risk relates to bank balances held with financial institutions. The risk is limited by the high credit rating (Moody's: A3) of the financial institutions.

Interest rate risk relates only to the bank balances and any change in interest rates will have a negligible effect on the group and company's results.

Price risk relates only to the investment in Historical Homes of South Africa Ltd and any change in the investment's fair value is expected to have a negligible effect on the group and company's results.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The group and company's financial liabilities are all payable within 12 months from the reporting date.

Fair value estimation

Effective 1 January 2010, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The available-for-sale investment in Historical Homes of South Africa Ltd is categorised as level 2 (refer note 6). No other assets are measured at fair value.

Capital risk management

The group's objective when managing capital is to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders. The group's dividend policy is to declare and pay dividends according to its free cash flow model, i.e. dividends and interest received less administrative expenses and taxation paid.

The group's capital comprises total equity, as shown in the group statement of financial position. When funding is required, the group will either raise additional capital or utilise debt. There is no restriction on the level of gearing. However, the group will continuously assess the extent of gearing employed, in the context of the level of liquidity within the group's portfolio.

	Shareholders		Shares held	
	Number	%	Number	%
30. SHARE ANALYSIS				
Range of shareholding				
1 – 500	22	0,6	6 629	0,0
501 – 1 000	66	1,9	60,934	0,0
1 001 – 5 000	1,281	36,9	3,330,940	0,7
Over 5 000	2,104	60,6	444,524,762	99,2
	<u>3,473</u>	<u>100,0</u>	<u>447,923,265</u>	<u>100,0</u>
Individual shareholders holding 5% or more as at 30 June 2011				
Zeder Financial Services Ltd			178,200,445	39.8
Remgro International Holdings (Pty) Ltd			50,762,165	11.3
VinPro Ltd			<u>35,535,496</u>	7.9
			<u>264,498,106</u>	

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THREE YEAR HISTORICAL FINANCIAL INFORMATION OF CVH

1 June 2012

The Board of Directors
Capevin Holdings Ltd
35 Kerk Street
Stellenbosch
7600

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF CAPEVIN HOLDINGS LTD ("CAPEVIN")

Introduction

Capevin Investments Ltd ("Capevin Investments"), a subsidiary of Capevin Holdings Ltd, is issuing a circular to its shareholders ("the Circular") regarding the scheme of arrangement in terms of section 114(1) of the Companies Act, proposed by the Capevin Investments Ltd Board between Capevin Investments Ltd and its shareholders, the delisting of Capevin Investments Ltd shares from the JSE and the listing of Capevin Holdings Ltd on the JSE ("the Proposed Transaction").

At your request and for the purpose of the Circular to be dated on or about 4 June 2012, we have audited the historical financial information of Capevin Holdings Ltd presented in the Report of Historical Financial Information which comprises the consolidated Statement of Financial Position of Capevin Holdings Ltd as at 30 June 2011, 30 June 2010 and 30 June 2009, and the consolidated income statements, statements of changes in equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory notes ("the Financial Information"), as presented in **Annexure 6** of the Circular, in compliance with the JSE Limited ("JSE") Listings Requirements.

Responsibility

Directors' Responsibility

The directors of Capevin Holdings Ltd are responsible for the preparation, contents and presentation of the Circular including the Financial Information. The directors of Capevin Holdings Ltd are responsible for the fair presentation of the Financial Information in accordance with International Financial Reporting Standards and in the manner required by the JSE Listings Requirements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Financial Information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the Financial Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Financial Information of Capevin Holdings Ltd as set out in **Annexure 6** of the Circular, presents fairly, in all material respects, for the purposes of the Circular, the consolidated financial position of Capevin Holdings Ltd at 30 June 2011, 30 June 2010 and 30 June 2009, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards and in the manner required by the JSE Listings Requirements.

PricewaterhouseCoopers Inc

Director: HD Nel

Accredited Auditor

INTERIM FINANCIAL INFORMATION OF CVH

BASIS OF PREPARATION

The interim financial information of CVH, have been extracted and compiled from the reviewed interim results of CVH for the six months ended 31 December 2011. The preparation of this **Annexure 8** is the responsibility of the directors of CVH.

The interim financial information of CVH was reviewed by PricewaterhouseCoopers Inc and was reported on without qualification for all of the aforementioned financial period. The independent reporting accountants report on the interim financial information of CVH is included in **Annexure 9**.

Group income statement

for the six months ended 31 December 2011

	Reviewed six months ended 31 December 2011 R'000	Reviewed six months ended 31 December 2010 R'000	Audited year ended 30 June 2011 R'000
Share in profits of associate	225,462	183,347	279,168
Gain on dilution of interest in associate	951	896	1,726
Investment income	205	267	472
Administrative expenses	(1,257)	(1,306)	(2,528)
Profit before taxation	225,361	183,204	278,838
Taxation	(54)	(74)	(206)
Profit for the period	225,307	183,130	278,632
Attributable to:			
Equity holders of the company	114,687	93,212	141,695
Non-controlling interests	110,620	89,918	136,937
	225,307	183,130	278,632
Profit for the period attributable to equity holders of the company	114,687	93,212	141,695
Non-headline items			
Interest in adjustments of associate, net of taxation	37	(16)	187
Gain on dilution of interest in associate	(485)	(457)	(880)
Headline earnings	114,239	92,739	141,002
Earnings per share (cents)			
– Attributable (basic and diluted)	25.6	20.8	31.6
– Headline (basic and diluted)	25.5	20.7	31.5
Number of shares in issue and weighted average (thousands)	447,923	447,923	447,923

Group statement of comprehensive income

for the six months ended 31 December 2011

	Reviewed six months ended 31 December 2011 R'000	Reviewed six months ended 31 December 2010 R'000	Audited year ended 30 June 2011 R'000
Profit for the period	225,307	183,130	278,632
Share of other comprehensive income/(loss) of associate	17,591	(9,633)	(8,537)
Other equity movements of associate	2,089	2,265	4,411
Total comprehensive income for the period	244,987	175,762	274,506
Attributable to:			
Equity holders of the company	124,724	89,454	139,591
Non-controlling interests	120,263	86,308	134,915
	244,987	175,762	274,506

Group statement of financial position
as at 31 December 2011

	Reviewed six months ended 31 December 2011 R'000	Reviewed six months ended 31 December 2010 R'000	Audited year ended 30 June 2011 R'000
ASSETS			
Non-current assets	1,820,671	1,624,890	1,652,027
Investment in associate	1,820,421	1,624,640	1,651,777
Available-for-sale financial asset	250	250	250
Current assets	4,926	5,525	3,685
Trade receivables			5
Income tax receivable	4		4
Cash and cash equivalents	4,922	5,525	3,676
Total assets	1,825,597	1,630,415	1,655,712
EQUITY AND LIABILITIES			
Equity			
Ordinary shareholders' interest	929,025	830,435	842,531
Non-controlling interests	892,127	796,044	809,184
Total equity	1,821,152	1,626,479	1,651,715
Non-current liabilities			
Deferred taxation	35	35	35
Current liabilities	4,410	3,901	3,962
Trade payables	716	692	164
Unclaimed dividends	3,693	3,135	3,719
Income tax payable	1	74	79
Total equity and liabilities	1,825,597	1,630,415	1,655,712
Net asset value per share (cents)	207.4	185.4	188.1

Group statement of changes in equity
for the six months ended 31 December 2011

	Reviewed six months ended 31 December 2011 R'000	Reviewed six months ended 31 December 2010 R'000	Audited year ended 30 June 2011 R'000
Ordinary shareholders' equity at beginning of period	842,531	778,547	778,547
Total comprehensive income	124,724	89,454	139,591
Unclaimed dividends written back	739	2,299	2,332
Dividends paid	(38,969)	(39,865)	(77,939)
Ordinary shareholders' equity at end of period	929,025	830,435	842,531
Non-controlling interests' equity at end of period	892,127	796,044	809,184
Beginning of period	809,184	746,884	746,884
Total comprehensive income	120,263	86,308	134,915
Unclaimed dividends written back	33	308	341
Dividends paid	(37,353)	(37,456)	(72,956)
Total equity at end of period	1,821,152	1,626,479	1,651,715
Dividend per share (cents)			
– Interim	9.4	8.5	8.5
– Final			8.7

Group statement of cash flows

for the six months ended 31 December 2011

	Reviewed six months ended 31 December 2011 R'000	Reviewed six months ended 31 December 2010* R'000	Audited year ended 30 June 2011* R'000
Cash flows from operating activities			
Administrative expenses	(1,257)	(1,306)	(2,528)
Increase in payables and unclaimed dividends	1,297	1,048	1,171
Cash generated by/(utilised in) operations	40	(258)	(1,357)
Interest received	198	267	467
Taxation (paid)/refunded	(132)	210	79
Dividends received	77,462	77,450	150,205
Dividends paid	(76,322)	(77,321)	(150,895)
Net increase/(decrease) in cash and cash equivalents	1,246	348	(1,501)
Cash and cash equivalents at beginning of period	3,676	5,177	5,177
Cash and cash equivalents at end of period	4,922	5,525	3,676

* Reclassified as set out in note 5

Notes to the interim financial statements

for the six months ended 31 December 2011

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The interim financial statements of Capevin Holdings Ltd (“the company” or “the group” or “Capevin Holdings”) have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS), including IAS 34 – Interim Financial Reporting and the requirements of the South African Companies Act 71 of 2008, as amended. The accounting policies applied in the preparation of these interim financial statements are consistent with those used in the previous financial year, and no new accounting standards, interpretations or amendments to IFRS were relevant to the group’s operations.

2. GROUP STRUCTURE

The sole investment of Capevin Holdings is an effective interest of 14,80% (31 December 2010: 14,83% and 30 June 2011: 14,81%) in the issued share capital of Distell Group Ltd (“Distell”), held via its 51% (31 December 2010: 51% and 30 June 2011: 51%) interest in Capevin Investments Ltd.

3. COMMITMENTS AND CONTINGENCIES

The Distell group has received an assessment from the South African Revenue Service for additional employees tax relating to the Distell Group’s share incentive scheme. Distell obtained legal and tax specialist opinions on this matter, which indicated that no provision is necessary and they have consequently submitted an objection to this assessment. Capevin Holdings’ interest in the amount that is at risk is R7,8 million (excluding penalties and interest).

4. SEGMENT REPORT

Capevin Holdings is an investment holding company with its sole investment being an effective interest in Distell. The directors have not identified any other segment to report on.

5. RECLASSIFICATION OF PRIOR YEAR FIGURES

The cash flow results for the six months ended 31 December 2010 and for the year ended 30 June 2011 have been reclassified to ensure consistent classification throughout the group relating to dividends paid. Dividends paid were previously classified as “cash flows from financing activities”. Due to the nature of Capevin Holdings’ operations, being that of an investment holding company, dividends paid have been reclassified as “cash flows from operating activities”.

	Previously reported R'000	Currently reported R'000	Difference R'000
Six months ended 31 December 2010			
Cash flows from operating activities	77,669	348	77,321
Cash flows from financing activities	(77,321)		(77,321)
			-
Year ended 30 June 2011			
Cash flows from operating activities	149,394	(1,501)	150,895
Cash flows from financing activities	(150,895)		(150,895)
			-

COMMENTARY

FINANCIAL RESULTS

During the six months under review, Distell's revenue increased by 15,9% to R8 billion, despite a challenging trading environment and the ongoing consumer pursuit of lower-priced options. Distell's cider and RTD (ready-to-drink) brands continued their strong performance locally and the company's wine portfolio showed a marginal increase in sales volumes. Both domestic and international sales volumes increased by approximately 10%. Results for the period under review were favourably impacted by a weaker rand, which largely contributed to the net operating margin improving to 14,6% (2010: 13,8%).

Capevin Holdings' results reflect the increase in Distell's profitability during the period under review. The company's intrinsic value is calculated based on Distell's last traded share price of R75 at 31 December 2011 (excluding capital gains tax).

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON INTERIM FINANCIAL INFORMATION OF CVH

1 June 2012

The Board of Directors
Capevin Holdings Ltd
35 Kerk Street
Stellenbosch
7600

Dear Sirs

REVIEW REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS' ON THE INTERIM FINANCIAL INFORMATION OF CAPEVIN HOLDINGS LTD ("CAPEVIN") FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

Introduction

Capevin Investments Ltd ("Capevin Investments"), a subsidiary of Capevin Holdings Ltd, is issuing a circular to its shareholders ("the Circular") regarding the scheme of arrangement in terms of section 114(1) of the Companies Act, proposed by the Capevin Investments Ltd Board between Capevin Investments Ltd and its shareholders, the delisting of Capevin Investments Ltd shares from the JSE and the listing of Capevin Holdings Ltd on the JSE ("the Proposed Transaction").

At your request and for the purpose of the Circular to be dated on or about 4 June 2012, we have reviewed the consolidated condensed statement of financial position of Capevin Holdings as of 31 December 2011 and the related consolidated condensed income statement and statement of comprehensive income, changes in equity and cash flows for the six month period then ended ("the Consolidated Condensed Interim Financial Information"), presented in **Annexure 8** of the Circular, in compliance with the JSE Limited ("JSE") Listings Requirements.

Directors' Responsibility

The directors of Capevin Holdings are responsible for the preparation, contents and presentation of the Circular including the Consolidated Condensed Interim Financial Information. The directors of Capevin Holdings are responsible for the preparation and presentation of the Consolidated Condensed Interim Financial Information presented in **Annexure 8** of the Circular in accordance with International Accounting Standard 34 "Interim Financial Reporting". Their responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting Accountants' Responsibility

Our responsibility is to express a conclusion on the Consolidated Condensed Interim Financial Information presented in **Annexure 8** to the Circular based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Consolidated Condensed Interim Financial Information for the six months ended 31 December 2011 as set out in **Annexure 8** to the Circular, has not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting" and in the manner required by the JSE Listings Requirements.

PricewaterhouseCoopers Inc

Director: HD Nel
Accredited Auditor

UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF CVH

The unaudited *pro forma* financial information set out below has been prepared to assist the Shareholders to assess the impact of the Scheme on the reviewed interim results of CVH for the six months ended 31 December 2011. The unaudited *pro forma* statement of financial position at 31 December 2011 and statement of comprehensive income for the six months ended 31 December 2011 of CVH have been prepared to illustrate the impact of the Scheme as if the Scheme had occurred on 1 July 2011 for purpose of adjusting the *pro forma* statement of comprehensive income, and on 31 December 2011 for purposes of adjusting the *pro forma* statement of financial position of CVH.

The unaudited *pro forma* financial information has been prepared for illustrative purposes only based on current available information available to management and because of its nature, may not fairly present CVH's financial position, changes in equity, and results of operations or cash flows after the Scheme. The unaudited *pro forma* information is presented in a manner that is consistent with the accounting policies of CVH.

The directors of CVH are responsible for the preparation of the unaudited *pro forma* financial information contained in this circular.

The unaudited *pro forma* financial information of CVH should be read in conjunction with the limited assurance report of the independent reporting accountants which is included as **Annexure 10B** to this Circular.

UNAUDITED *PRO FORMA* STATEMENT OF FINANCIAL POSITION OF CVH

	Notes	Reviewed December 2011 R'000	<i>Pro forma</i> financial effects of the Scheme 2011 R'000	Unaudited <i>pro forma</i> after the Scheme 2011 R'000
ASSETS				
Non-current		1,820,671	-	1,820,671
Investment in associate		1,820,421		1,820,421
Available-for-sale financial asset		250		250
Current		4,926	-	4,926
Trade receivable				
Income tax receivable		4		4
Cash and cash equivalents		4,922		4,922
Total assets		1,825,597	-	1,825,597
EQUITY AND LIABILITIES				
Equity		1,821,152	(3,000)	1,818,152
Share capital	2	11	11	22
Share premium	2,3	7,000	2,075,566	2,082,566
Reserves		922,014		922,014
Transactions with non-controlling interest	2		(1,186,450)	(1,186,450)
Ordinary shareholders' interest		929,025	889,127	1,818,152
Non-controlling interests		892,127	(892,127)	-
Non-current liabilities				
Deferred taxation		35		35
Current liabilities		4,410	3,000	7,410
Trade payables	3	716	3,000	3,716
Unclaimed dividends		3,693		3,693
Income tax payable		1		1
Total equity and liabilities		1,825,597	-	1,825,597
Net asset value per share (cents)		207.4	(0.8)	206.6
Net tangible asset value per share (cents)		207.4	(0.8)	206.6
Shares in issue ('000)	2	447,923	432,180	880,103

Notes and assumptions:

- 1 The "Reviewed December 2011" figures are extracted from the reviewed interim financial statements of CVH for the six months ended 31 December 2011.
- 2 Assumed that the Scheme is successfully implemented and 432.2 million new CVH shares are issued as the Scheme Consideration for the non-controlling interest acquired, on 31 December 2011 (continuing effects).
- 3 Assumed once-off transaction costs of R3 000 000 are to be offset against the share premium account.

UNAUDITED *PRO FORMA* STATEMENT OF COMPREHENSIVE INCOME OF CVH

		Reviewed December 2011 R'000	<i>Pro forma</i> financial effects of the Scheme 2011 R'000	Unaudited <i>pro forma</i> after the Scheme 2011 R'000
	Notes			
INCOME STATEMENT				
Share in profits of associate		225,462		225,462
Gain on dilution of interest in associate		951		951
Investment Income		205		205
Administrative expenses		(1,257)		(1,257)
Profit before taxation		225,361	-	225,361
Taxation		(54)		(54)
Profit for the period		225,307	-	225,307
Attributable to:				
Equity holders of the company	2	114,687	110,620	225,307
Non-controlling interests	2	110,620	(110,620)	
		225,307	-	225,307
Profit attributable to equity holders				
Interest in adjustments of associate (net of tax)	2	37	36	73
Gain on dilution of interest in associate	2	(485)	(466)	(951)
Headline Earnings		114,239	110,190	224,429
Earnings per share (cents)				
Attributable (basic and diluted)		25.6	-	25.6
Headline (basic and diluted)		25.5	-	25.5
Weighted average number of shares in issue ('000)		447,923	432,180	880,103

Notes and assumptions:

- 1 The "Reviewed December 2011" figures are extracted from the reviewed interim financial statements of CVH for the six months ended 31 December 2011.
- 2 Assumed that the Scheme is successfully implemented and 432.2 million new CVH shares are issued as the Scheme Consideration for the non-controlling interest acquired, on 1 July 2011 (continuing effects).
- 3 Assumed once-off transaction costs of R3 million are to be offset against the share premium account.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF CVH

1 June 2012

The Board of Directors
Capevin Holdings Ltd
35 Kerk Street
Stellenbosch
7600

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF CAPEVIN HOLDINGS LTD ("CAPEVIN")

Introduction

Capevin Investments Ltd ("Capevin Investments"), a subsidiary of Capevin Holdings Ltd, is issuing a circular to its shareholders ("the Circular") regarding the scheme of arrangement in terms of section 114(1) of the Companies Act, proposed by the Capevin Investments Ltd Board between Capevin Investments Ltd and its shareholders, the delisting of Capevin Investments Ltd shares from the JSE and the listing of Capevin Holdings Ltd on the JSE ("the Proposed Transaction").

At your request and for the purposes of the Circular to be dated on or about 4 June 2012, we present our limited assurance report on the unaudited *pro forma* statement of financial position, the unaudited *pro forma* statement of comprehensive income and financial effects ("the reviewed *pro forma* financial information") of Capevin Holdings Ltd presented in **Annexure 10A** of the Circular.

The unaudited *pro forma* financial information has been prepared in accordance with the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the Proposed Transaction might have affected the reported historical financial information presented, had the Proposed Transaction been undertaken at the commencement of the period or date of the unaudited *pro forma* statement of financial position being reported on.

Directors' responsibility

The directors of Capevin Holdings Ltd are responsible for the compilation, contents and presentation of the unaudited *pro forma* financial information contained in the Circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the unaudited *pro forma* financial information contained in the Circular has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Capevin Holdings Ltd; and the *pro forma* adjustments are appropriate for the purposes of the unaudited *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

Reporting accountants' responsibility

Our responsibility is to express our limited assurance conclusion on the unaudited *pro forma* financial information included in the Circular. We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised): International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Guide on *Pro forma* Financial Information issued by the South African Institute of Chartered Accountants. This standard requires us to obtain sufficient appropriate evidence on which to base our limited assurance conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information of Capevin Holdings Ltd with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Capevin Holdings Ltd, considering the evidence supporting the unaudited *pro forma* adjustments and discussing the adjusted unaudited *pro forma* financial information with the directors of Capevin Holdings Ltd in respect of the Proposed Transaction that is the subject of the Circular.

In arriving at our limited assurance conclusion, we have relied upon financial information prepared by the directors of Capevin Holdings Ltd and other information from various public, financial and industry sources.

While our work performed involved an analysis of the historical financial information and other information provided to us, our limited assurance engagement does not constitute either an audit or review of any of the underlying financial information conducted in accordance with the International Standards on Auditing or the International Standards on Review Engagements and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that:

- the unaudited *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Capevin Holdings Ltd, and
- the adjustments are not appropriate for the purposes of the unaudited *pro forma* financial information as disclosed pursuant to Sections 8.17 and 8.30 of the JSE Listings Requirements.

Yours faithfully

PricewaterhouseCoopers Inc

Director: HD Nel

Accredited Auditor

UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF CVI

The unaudited *pro forma* financial effects on CVI shareholders are the responsibility of the CVI Directors. The unaudited *pro forma* financial effects are presented for illustrative purposes only to illustrate the effects of the Scheme and, because of their nature, may not fairly present CVH's financial position, changes in equity, results of operations or cash flows and the consequent actual financial effects of the Scheme on CVI shareholders. For the purposes of attributable and headline earnings per share, it was assumed that the corporate action took place on 1 July 2011 and for the purposes of net asset value and net tangible asset value per share it was assumed that the corporate action took place on 31 December 2011. The unaudited *pro forma* financial effects are presented in a manner consistent with the basis on which the historical financial information has been prepared and in terms of the CVI's accounting policies.

The *pro forma* financial effects on CVI Shareholders have been calculated in respect of 1 (one) CVI share held before implementation of the Scheme and 21 CVH shares held after implementation of the Scheme.

The unaudited *pro forma* financial effects set out below should be read in conjunction with the unaudited *pro forma* financial information and the Independent Reporting Accountants' report thereon, as annexed hereto at **Annexure 11A** and **Annexure 11B**.

	CVI Shares before the Scheme¹	CVH Shares after the Scheme²	Change
Number of shares	1	21	
Earnings per share (cents)			
Attributable (basic and diluted)	537.5	537.6	0.0%
Headline (basic and diluted)	535.4	535.5	0.0%
Net asset value per share (cents)	4,334.9	4,338.6	0.1%
Net tangible asset value per share (cents)	4,334.9	4,338.6	0.1%

Notes and assumptions:

- ¹ The financial information in the "CVI shares before the Scheme" column are based on the financial information extracted, without adjustment, from CVI's published interim reviewed results for the six months ended 31 December 2011.
- ² The financial information in the "CVH shares after the Scheme" column are based on the financial information extracted from CVH's interim reviewed results for the six months ended 31 December 2011, adjusted for the effects of the Scheme, which include, *inter alia*, once-off capitalised transaction costs of R3 million, acquiring the remaining 49% of CVI and the issuing of a total of 432 180 000 CVH shares in settlement of the Scheme Consideration (continuing effects).
- ³ 42 000 000 CVI shares were in issue before the implementation of the Scheme and 880 103 265 CVH shares are in issue after the implementation of the Scheme.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF CVI

1 June 2012

The Board of Directors
Capevin Investments Ltd
35 Kerk Street
Stellenbosch
7600

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF CAPEVIN INVESTMENTS LTD ("CAPEVIN INVESTMENTS")

Introduction

Capevin Investments Ltd ("Capevin Investments"), a subsidiary of Capevin Holdings Ltd, is issuing a circular to its shareholders ("the Circular") regarding the scheme of arrangement in terms of section 114(1) of the Companies Act, proposed by the Capevin Investments Ltd Board between Capevin Investments Ltd and its shareholders, the delisting of Capevin Investments Ltd shares from the JSE and the listing of Capevin Holdings Ltd on the JSE ("the Proposed Transaction").

At your request and for the purposes of the Circular to be dated on or about 4 June 2012, we present our limited assurance report on the unaudited *pro forma* financial effects of Capevin Investments Ltd presented in paragraph 16.3 and **Annexure 11A** of the Circular.

The unaudited *pro forma* financial information has been prepared in accordance with the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the Proposed Transaction might have affected the reported historical financial information presented, had the Proposed Transaction been undertaken at the commencement of the period or date of the unaudited *pro forma* net asset value and net tangible asset value per share.

Directors' responsibility

The directors of Capevin Investments Ltd are responsible for the compilation, contents and presentation of the unaudited *pro forma* financial information contained in the Circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the unaudited *pro forma* financial information contained in the Circular has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Capevin Investments Ltd; and the *pro forma* adjustments are appropriate for the purposes of the unaudited *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

Reporting accountants' responsibility

Our responsibility is to express our limited assurance conclusion on the unaudited *pro forma* financial information included in the Circular. We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised): International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Guide on *Pro forma* Financial Information issued by the South African Institute of Chartered Accountants. This standard requires us to obtain sufficient appropriate evidence on which to base our limited assurance conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information of Capevin Investments Ltd with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Capevin Investments Ltd, considering the evidence supporting the unaudited *pro forma* adjustments and discussing the adjusted unaudited *pro forma* financial information with the directors of Capevin Investments Ltd in respect of the Proposed Transaction that is the subject of the Circular.

In arriving at our limited assurance conclusion, we have relied upon financial information prepared by the directors of Capevin Investments Ltd and other information from various public, financial and industry sources.

While our work performed involved an analysis of the historical financial information and other information provided to us, our limited assurance engagement does not constitute either an audit or review of any of the underlying financial information conducted in accordance with the International Standards on Auditing or the International Standards on Review Engagements and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that:

- the unaudited *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Capevin Investments Ltd, and
- the adjustments are not appropriate for the purposes of the unaudited *pro forma* financial information as disclosed pursuant to Sections 8.17 and 8.30 of the JSE Listings Requirements.

Yours faithfully

PricewaterhouseCoopers Inc

Director: HD Nel

Accredited Auditor

FOREIGN SHAREHOLDERS AND EXCHANGE CONTROL REGULATIONS

1. FOREIGN SHAREHOLDERS

The Scheme may be affected by the laws of the relevant jurisdiction of a Foreign Shareholder. A Foreign Shareholder should acquaint itself about and observe any applicable legal requirements of such jurisdiction in relation to all aspects of this Circular that may affect it. It is the responsibility of each Foreign Shareholder to satisfy itself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Scheme, including the obtaining of any governmental, exchange control or other consents, the making of any filings which may be required, the compliance with other necessary formalities and the payment of any taxes or other requisite payments due in such jurisdiction.

The Scheme is governed by the laws of South Africa and is subject to any applicable laws and regulations, including the Exchange Control Regulations.

Any Shareholder who is in doubt as to its position, including, without limitation, its tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

2. EXCHANGE CONTROL REGULATIONS

The following is a summary of the Exchange Control Regulations. It is intended as a guide only and is not a comprehensive statement of the Exchange Control Regulations which apply to Scheme Participants. Scheme Participants who have any queries regarding the Exchange Control Regulations should contact their own professional advisors without delay.

2.1 Residents of the Common Monetary Area

In the case of:

- 2.1.1 Own-name Scheme Participants holding Shares whose registered addresses in the Register are within the Common Monetary Area and whose Documents of Title are not restrictively endorsed in terms of the Exchange Control Regulations, the Scheme Consideration will be posted to such Scheme Participants; or
- 2.1.2 Scheme Participants whose Shares are held by CSDPs or Brokers on their behalf as nominees and whose registered addresses in the sub-Register managed by CSDPs or Brokers are within the Common Monetary Area and whose accounts with their CSDP or Broker have not been restrictively designated in terms of the Exchange Control Regulations, the Scheme Consideration will reflect in the account nominated for the relevant Scheme Participants by their duly appointed CSDP or Broker in terms of the provisions of the Custody Agreement with their CSDP or Broker.

2.2 Emigrants from the Common Monetary Area

- 2.2.1 The Scheme Consideration is not freely transferable from South Africa and must be dealt with in terms of the Exchange Control Regulations.
- 2.2.2 The Scheme Consideration due to an own-name Scheme Participant who is an emigrant from South Africa, whose registered address is outside the Common Monetary Area and whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations, will be deposited in a blocked account with the authorised dealer in foreign exchange in South Africa controlling the Scheme Participant's blocked assets in accordance with his instructions, against delivery of the relevant Documents of Title.
- 2.2.3 In terms of a recent relaxation to the exchange control rulings, emigrants may externalise the Scheme Consideration by making application to the Financial Surveillance Department of the South African Reserve Bank via the requisite authorised dealer channel. Previously, a 10% levy would have been payable on externalisation. This is however no longer the position and the Scheme Consideration may, on application, be externalised free of the levy.
- 2.2.4 The authorised dealer releasing the relevant documents of title in terms of the Scheme must countersign the form of surrender and transfer (*blue*) thereby indicating that the Scheme Consideration will be placed directly in its control.
- 2.2.5 The attached form of surrender and transfer (*blue*) makes provision for the details of the authorised dealer concerned to be provided.

2.3 All other non-residents of the Common Monetary Area

- 2.3.1 The Scheme Consideration due to an own-name Scheme Participant who is a non-resident of South Africa and who has never resided in the Common Monetary Area, whose registered address is outside the Common Monetary Area and whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations, will be deposited with the authorised dealer in foreign exchange in South Africa nominated by such Scheme Participant. It will be incumbent on the Scheme Participant concerned to instruct the nominated authorised dealer as to the disposal of the Scheme Consideration, against delivery of the relevant Documents of Title.
- 2.3.2 The form of surrender and transfer (*blue*) attached to this Circular makes provision for the nomination required in terms of paragraph 2.3.1 above. If the information regarding the authorised dealer is not given in terms of paragraph 2.3.1 above, the Scheme Consideration will be held in trust by CVH for the Scheme Participants concerned pending receipt of the necessary information or instruction.

WORDING OF SECTION 115 AND SECTION 164 OF THE COMPANIES ACT

“Section 115: Required approval for transactions contemplated in Part A

- (1) Despite section 65, and any provision of a company’s Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless—
- (a) the disposal, amalgamation or merger, or scheme of arrangement—
 - (i) has been approved in terms of this section; or
 - (ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and
 - (b) to the extent that Parts B and C of this Chapter and the Takeover Regulations, apply to a company that proposes to—
 - (i) dispose of all or the greater part of its assets or undertaking;
 - (ii) amalgamate or merge with another company; or
 - (iii) implement a scheme of arrangement,

the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119 (4)(b), or exempted the transaction in terms of section 119(6).
- (2) A proposed transaction contemplated in subsection (1) must be approved —
- (a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company’s Memorandum of Incorporation, as contemplated in section 64(2); and
 - (b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company’s holding company if any, if—
 - (i) the holding company is a company or an external company;
 - (ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and
 - (iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and
 - (c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).
- (3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if—
- (a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or
 - (b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).
- (4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights—
- (a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or
 - (b) required to be voted in support of a resolution, or actually voted in support of the resolution.

- (4A) In subsection (4), 'act in concert' has the meaning set out in section 117(1)(b).
- (5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either—
- (a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or
 - (b) treat the resolution as a nullity.
- (6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant—
- (a) is acting in good faith;
 - (b) appears prepared and able to sustain the proceedings; and
 - (c) has alleged facts which, if proved, would support an order in terms of subsection (7).
- (7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if—
- (a) the resolution is manifestly unfair to any class of holders of the company's securities; or
 - (b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.
- (8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person—
- (a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and
 - (b) was present at the meeting and voted against that special resolution.
- (9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect—
- (a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;
 - (b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;
 - (c) the transfer of shares from one person to another;
 - (d) the dissolution, without winding-up, of a company, as contemplated in the transaction;
 - (e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or
 - (f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.

Section 164 : Dissenting shareholders appraisal rights

- (1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.
- (2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to—
- (a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or
 - (b) enter into a transaction contemplated in section 112, 113, or 114,
- that notice must include a statement informing shareholders of their rights under this section.

- (3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
- (4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who—
 - (a) gave the company a written notice of objection in terms of subsection (3); and
 - (b) has neither—
 - (i) withdrawn that notice; or
 - (ii) voted in support of the resolution.
- (5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if—
 - (a) the shareholder—
 - (i) sent the company a notice of objection, subject to subsection (6); and
 - (ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;
 - (b) the company has adopted the resolution contemplated in subsection (2); and
 - (c) the shareholder—
 - (i) voted against that resolution; and
 - (ii) has complied with all of the procedural requirements of this section.
- (6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.
- (7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within—
 - (a) 20 business days after receiving a notice under subsection (4); or
 - (b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.
- (8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state—
 - (a) the shareholder's name and address;
 - (b) the number and class of shares in respect of which the shareholder seeks payment; and
 - (c) a demand for payment of the fair value of those shares.
- (9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless—
 - (a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);
 - (b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or
 - (c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.
- (10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.

- (11) Within five business days after the later of—
- (a) the day on which the action approved by the resolution is effective;
 - (b) the last day for the receipt of demands in terms of subsection (7)(a); or
 - (c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.
- (12) Every offer made under subsection (11)—
- (a) in respect of shares of the same class or series must be on the same terms; and
 - (b) lapses if it has not been accepted within 30 business days after it was made.
- (13) If a shareholder accepts an offer made under subsection (12)—
- (a) the shareholder must either in the case of—
 - (i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or
 - (ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and
 - (b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and—
 - (i) tendered the share certificates; or
 - (ii) directed the transfer to the company of uncertificated shares.
- (14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has—
- (a) failed to make an offer under subsection (11); or
 - (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.
- (15) On an application to the court under subsection (14)—
- (a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;
 - (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and
 - (c) the court—
 - (i) may determine whether any other person is a dissenting shareholder who should be joined as a party;
 - (ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);
 - (iii) in its discretion may—
 - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
 - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;
 - (iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and

- (v) must make an order requiring—
 - (aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and
 - (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.

(15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case—

- (a) that shareholder must comply with the requirements of subsection 13(a); and
- (b) the company must comply with the requirements of subsection 13(b).

(16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.

(17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months—

- (a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and
- (b) the court may make an order that—
 - (i) is just and equitable, having regard to the financial circumstances of the company; and
 - (ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.

(18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.

(19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to—

- (a) the provisions of that section; or
- (b) the application by the company of the solvency and liquidity test set out in section 4.

(20) Except to the extent—

- (a) expressly provided in this section; or
- (b) that the Panel rules otherwise in a particular case,

a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person.”

TABLE OF ENTITLEMENTS

The following table sets out the number of CVH Shares to which Scheme Participants will be entitled, should the Scheme be implemented. Scheme Participants shall be entitled to receive 21 (twenty one) CVH Shares for every 1 (one) Scheme Share disposed of by Scheme Participants in terms of the Scheme, as illustrated below:

No. of Scheme Shares held before the Scheme	CVH Share entitlement	No. of Scheme Shares held before the Scheme	CVH Share entitlement	No. of Scheme Shares held before the Scheme	CVH Share entitlement
1	21	41	861	81	1,701
2	42	42	882	82	1,722
3	63	43	903	83	1,743
4	84	44	924	84	1,764
5	105	45	945	85	1,785
6	126	46	966	86	1,806
7	147	47	987	87	1,827
8	168	48	1,008	88	1,848
9	189	49	1,029	89	1,869
10	210	50	1,050	90	1,890
11	231	51	1,071	91	1,911
12	252	52	1,092	92	1,932
13	273	53	1,113	93	1,953
14	294	54	1,134	94	1,974
15	315	55	1,155	95	1,995
16	336	56	1,176	96	2,016
17	357	57	1,197	97	2,037
18	378	58	1,218	98	2,058
19	399	59	1,239	99	2,079
20	420	60	1,260	100	2,100
21	441	61	1,281	125	2,625
22	462	62	1,302	150	3,150
23	483	63	1,323	175	3,675
24	504	64	1,344	200	4,200
25	525	65	1,365	1,000	21,000
26	546	66	1,386	5,000	105,000
27	567	67	1,407	10,000	210,000
28	588	68	1,428	20,000	420,000
29	609	69	1,449	50,000	1,050,000
30	630	70	1,470	100,000	2,100,000
31	651	71	1,491	200,000	4,200,000
32	672	72	1,512	300,000	6,300,000
33	693	73	1,533	400,000	8,400,000
34	714	74	1,554	500,000	10,500,000
35	735	75	1,575	1,000,000	21,000,000
36	756	76	1,596	2,000,000	42,000,000
37	777	77	1,617	3,000,000	63,000,000
38	798	78	1,638	4,000,000	84,000,000
39	819	79	1,659	5,000,000	105,000,000
40	840	80	1,680	10,000,000	210,000,000
				50,000,000	1,050,000,000

CAPEVIN

HOLDINGS LIMITED

Capevin Holdings Limited
 (Incorporated in the Republic of South Africa)
 (Registration number 1997/020857/06)
 (Share Code: CVH, ISIN ZAE000167714)
 ("CVH" or "the Company")
 (formerly KVV LIMITED)

CVH PRE-LISTING STATEMENT

The definitions and interpretations commencing on page 108 apply to this cover page. The definitions and interpretations commencing on page 7 of the Scheme Circular to which this pre-listing statement is attached, do not apply to this pre-listing statement.

This pre-listing statement is prepared and issued in terms of the Listings Requirements of the JSE. This pre-listing statement is not an invitation to the public to subscribe for shares in CVH. It is issued in compliance with the Listings Requirements for the purpose of providing information to the public and investors with regard to CVH.

The JSE has granted the Company a listing by way of introduction of all its issued ordinary shares on the JSE under the abbreviated name "CapevinH", share code "CVH" and ISIN ZAE000167714 with effect from the commencement of trade on 3 August 2012.

Shareholders are referred to the Scheme Circular to which this pre-listing statement is annexed for information regarding the Scheme, by which it is proposed that CVH acquires the entire issued share capital of CVI, other than shares already held by CVH, by way of a scheme of arrangement in terms of section 114 of the Companies Act. Should the Scheme become unconditional and be implemented, CVH shall issue the Scheme Consideration Shares to each CVI Shareholder taking part in the Scheme, being 21 CVH Shares for each CVI Share held by such shareholder on the applicable record date, rounded to the nearest whole number and credited as fully paid.

This pre-listing statement has been prepared on the assumption that the special resolution proposed in the notice of the general meeting of CVI Shareholders forming part of the Scheme Circular to which this pre-listing statement is attached, will be passed at the CVI General Meeting to be held on 10 July 2012 and that the Scheme will become operative.

As at the date of the listing, the total authorised ordinary share capital of the Company will comprise two billion ordinary no par value shares.

As at the date of the listing the issued share capital of CVH will consist of 447 923 265 ordinary no par value shares. Upon the issuing of the Scheme Consideration Shares the issued share capital of CVH will be 880 103 265 ordinary no par value shares. The stated capital of CVH on the issuing of the Scheme Consideration Shares will be R2 085 797 000. No CVH Shares are held in treasury.

As at the listing date, all CVH Shares in issue shall rank *pari passu* with each other in all respects, including in respect of voting rights and dividends. No CVH Shares will be convertible or redeemable.

Shareholders are advised that their CVH Shares may only be traded on the JSE in dematerialised form and accordingly all Shareholders who hold their CVH Shares in certificated form will have to dematerialise their CVH Shares in order to trade their CVH Shares on the JSE. Such shareholders must accordingly contact their CSDP or Broker in order to dematerialise their CVH Shares. Shareholders who do not have a CSDP or Broker can contact Computershare on (011) 370 5000 in order to dematerialise their CVH Shares.

The CVH Directors, whose names are set out in paragraph 6.5.1 of this pre-listing statement, collectively and individually accept full responsibility for the accuracy of the information contained in this pre-listing statement which relates to CVH and, in this regard, certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this pre-listing statement contains all information required by the Listings Requirements.

The Independent Reporting Accountants, whose reports are referred to in this pre-listing statement, have given and have not, prior to the issue of this pre-listing statement, withdrawn their written consent to the inclusion of their reports in the form and context in which they appear. The sponsor, the lead independent sponsor, the attorneys and the Transfer Secretaries, whose names are included in this pre-listing statement, have given and have not, prior to the issue of this pre-listing statement, withdrawn their written consents to the inclusion of their names in the capacities stated.

An abridged version of this pre-listing statement will be released on SENS on 8 June 2012 and published in the press on 11 June 2012.



Date of issue 8 June 2012

CORPORATE INFORMATION

Company secretary and registered office

PSG Corporate Services (Proprietary) Limited
(Registration number 1996/004848/07)
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

Date of incorporation

2 December 1997

Place of incorporation

Pretoria

Attorneys

Cliffe Dekker Hofmeyr Incorporated
(Registration number 2008/018923/21)
11 Buitengracht Street
Cape Town, 8001
(PO Box 695, Cape Town, 8000)

Transfer secretaries

Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Lead independent sponsor of CVI

Sasfin Capital
(a division of Sasfin Bank Limited)
(Registration number 1951/002280/06)
29 Scott Street
Waverley, 2090
(PO Box 95104, Grant Park, 2051)

Sponsor and corporate adviser

PSG Capital (Proprietary) Limited
(Registration number 2006/015817/07)
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

and

1st Floor, Building 8
Inanda Greens Business Park
54 Wierda Road West
Wierda Valley
Sandton, 2196
(PO Box 650957, Benmore, 2010)

Auditor and Independent Reporting Accountants

PricewaterhouseCoopers Inc
(Registration number 1998/012055/21)
No 1 Waterhouse Place
Century City, 7441
(PO Box 2799, Cape Town, 8000)

Banker

First National Bank
Ground Floor, Great Westerford Building
240 Main Road
Rondebosch, 7700
(PO Box 367, Cape Town, 8000)

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SALIENT FEATURES

The definitions and interpretation commencing on page 108 apply to these salient features.

1. INTRODUCTION AND PURPOSE

1.1. Background

CVH is a passive investment holding company, having as its only significant asset an indirect effective interest of 29% (following implementation of the Scheme) in Distell.

1.2. Rationale for listing

1.2.1. CVH wishes to simplify the shareholding structure of the CVH Group in order, *inter alia*, to clear up confusion in the market between CVH and CVI and to create more liquidity in the shares of CVH (and effectively of CVI). It is anticipated that the removal of the CVI layer in the CVH Group structure will eliminate the discount in the CVH share price, thereby benefitting both CVH and CVI shareholders.

1.2.2. Due to the nature of certain commercial arrangements to which Distell is a party, including certain trademark agreements, the retention of CVH as the ultimate holding company is required to remain in place and therefore CVH cannot be collapsed into CVI. As such CVH will become the listed entity following the implementation of the Scheme.

1.3. The Scheme

This pre-listing statement has been prepared on the assumption that the special resolution proposed in the notice of the general meeting of CVI Shareholders forming part of the Scheme Circular to which this pre-listing statement is attached, will be passed at the CVI General Meeting to be held on 10 July 2012 and that the Scheme will become operative.

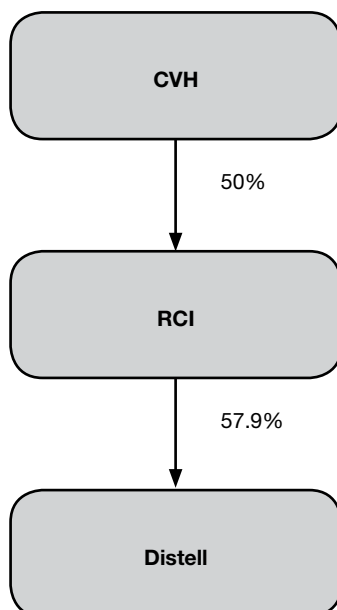
1.4. RCI Distribution

CVI shall, immediately following the implementation of the Scheme and the delisting of the CVI Shares, distribute its entire interest in RCI to CVH, prior to CVI being wound up and removed from the CVH Group structure.

2. BRIEF OVERVIEW OF CVH

2.1. Overview of CVH

2.1.1. Post-implementation of the Scheme, CVH will hold a 50% interest in RCI, which in turn holds a 57.9% interest in Distell, thereby giving CVH an indirect effective interest of 29% in Distell.



A more detailed version of the above diagram in respect of the anticipated position post-implementation of the Scheme, appears at **Annexure CVH4** hereto and also reflects major shareholders.

A diagram showing the structure of CVH pre-implementation of the Scheme appears at paragraph 3 of the Scheme Circular to which this pre-listing statement is attached. A more detailed version of that diagram, also showing major shareholders, appears at **Annexure CVH3** hereto.

- 2.1.2. It is not contemplated that the Company will make any additional investments.
- 2.1.3. It is the policy of CVH that all dividends received from the Distell Investment are, after providing for administration costs, distributed to Shareholders.
- 2.1.4. CVH's ability to pay dividends depends upon it receiving dividends from its underlying indirect investment in Distell. There are no fixed dates for the payment of dividends by CVH.

2.2. Distell

- 2.2.1. Distell is South Africa's leading producer and marketer of fine wines, spirits, ciders and ready-to-drinks. The shares in Distell are listed on the JSE. Distell employs over 4 500 people and has an annual turnover in excess of R12 billion.
- 2.2.2. Distell benefits from a strong position in the local market, high brand awareness levels, an extensive distribution network, local market knowledge, strong trade relationships and the structural capacity to rapidly introduce new products across all categories and channels. Distell has offices and agency networks in key markets in Africa, North and Latin America, Europe and Asia Pacific.
- 2.2.3. The Distell spirits portfolio consists of premium and super premium brandies and cognacs, white spirits, gins, whiskies and liqueurs. Some well-known, award-winning labels such as Amarula, Van Ryn's, Klipdrift, Oude Meester, Three Ships and Mainstay make up the spirits selection.
- 2.2.4. Distell's wine portfolio boasts a wide spread of brands, including some of South Africa's best-loved labels. Award-winning brands include Durbanville Hills, Nederburg, Fleur du Cap, Two Oceans, J.C. Le Roux and Drostdy-Hof.
- 2.2.5. Distell has a comprehensive range of low alcohol cider and ready-to-drink alcoholic beverages, which include Hunter's and Savanna, the world's second and third largest cider brands respectively.

3. LISTING ON JSE

CVI is currently listed on the JSE. The JSE has granted the Company a listing by way of introduction of all its issued ordinary shares (including Scheme Consideration Shares) on the JSE under the abbreviated name "CapevinH", share code "CVH" and ISIN ZAE000167714 with effect from the commencement of trade on 3 August 2012, which listing will replace the current listing of CVI. CVH will be listed in the "Distillers & Vintners" sector.

SALIENT DATES AND TIMES

2012

Abridged pre-listing statement published on SENS on	8 June
Pre-listing statement posted to shareholders of CVH and CVI (annexed to the Scheme Circular)	8 June
Abridged pre-listing statement published in the press on	11 June
Listing of CVH Shares (including Scheme Consideration Shares) on the JSE expected at commencement of trade on	3 August
Issuing of the Scheme Consideration Shares expected to take place on	13 August

Note:

- The above dates are subject to change. Any such change will be announced on SENS.
- Shareholders are referred to the timetable contained in the Scheme Circular, to which this pre-listing statement is annexed, in respect of the salient dates and times applicable to the Scheme.

DEFINITIONS AND INTERPRETATION

The definitions and interpretations commencing on page 7 of the Scheme Circular to which this pre-listing statement is attached, do not apply to this pre-listing statement.

In this pre-listing statement and annexures hereto, unless the context indicates otherwise, a word or an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the following words and expressions bear the meanings assigned to them below:

“Broker”	a “stockbroker”, as defined in the Securities Services Act, or its nominee;
“Business Day”	a day which is not a Saturday, Sunday or official public holiday in South Africa;
“cents”	South African cents, in the official currency of South Africa;
“Certificated Share”	a CVH Share that has not been dematerialised, title to which is evidenced by a Document of Title;
“Certificated Shareholder”	a CVH Shareholder who holds Certificated Shares;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	the Companies Act, No. 71 of 2008, as amended from time to time;
“Companies Regulations”	the Companies Regulations, 2011, promulgated under the Companies Act, as amended from time to time;
“CSDP”	a “participant”, as defined in the Securities Services Act;
“Custody Agreement”	a custody mandate agreement between a person and a CSDP or Broker, regulating their relationship in respect of Dematerialised Shares held on CVH’s uncertificated securities register administered by a CSDP or Broker on behalf of that person;
“CVH” or “the Company”	Capevin Holdings Limited (registration number 1997/020857/06) (formerly KVV Limited), a public company incorporated under the laws of South Africa;
“CVH Directors” or “CVH Board”	the directors of CVH as at the Last Practicable Date, whose names are set out in paragraph 6.5.1 of this pre-listing statement;
“the CVH Group”	CVH and its subsidiary, CVI (as indicated in paragraph 1.4 of the Salient Features section of this pre-listing statement, CVI is to be wound up following the RCI Distribution);
“CVH Shareholders” or “Shareholders”	registered holders of CVH Shares;
“CVH Shares” or “Shares”	ordinary no par value shares in the issued share capital of CVH;
“CVI”	Capevin Investments Limited (registration number 1979/007263/06) (formerly KVV Beleggings Limited), a public company incorporated under the laws of South Africa, being a subsidiary of CVH;
“CVI General Meeting”	the general meeting of CVI Shareholders to be held on 10 July 2012, to consider and, if deemed fit, approve the Scheme;
“CVI Shareholders”	registered holders of CVI Shares;
“CVI Shares”	ordinary shares with a par value of R1 (one rand) each in the issued share capital of CVI;
“dematerialise” or “dematerialisation”	the process by which Certificated Shares are converted into an electronic format as Dematerialised Shares and recorded in CVH’s uncertificated securities register administered by a CSDP;
“Dematerialised Share”	a CVH Share that has been dematerialised or has been issued in dematerialised form, and is held on CVH’s uncertificated securities register administered by a CSDP;
“Dematerialised Shareholder”	a CVH Shareholder who holds Dematerialised Shares;

“Distell”	Distell Group Limited (registration number 1988/005808/06), a public company incorporated under the laws of South Africa;
“Distell Investment”	the indirect interest of 29% (post-implementation of the Scheme) of CVH in Distell, being the only significant asset of CVH;
“Document of Title”	a share certificate, certified transfer deed or balance receipt in respect of CVH Shares;
“Independent Reporting Accountants” or “PwC”	PricewaterhouseCoopers Incorporated (registration number 1998/012055/21), a personal liability company incorporated under the laws of South Africa;
“Joint Announcement”	the joint announcement by CVI and CVH regarding the terms of the Scheme, as published on SENS on 4 April 2012;
“JSE”	the exchange, licensed under the Securities Services Act, operated by JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa;
“King III Code”	the King Report on Governance for South Africa 2009;
“KVV Group”	CVH and its subsidiaries immediately prior to the implementation of the KVV Restructuring in 2009 (at the time CVH was known as KVV Limited);
“KVV Restructuring”	the restructuring of the KVV Group, as referred to in paragraph 1.1.2 of this pre-listing statement;
“Last Practicable Date”	the Last Practicable Date prior to the finalisation of this pre-listing statement, being 23 May 2012;
“the listing”	the proposed listing of the entire issued ordinary share capital of CVH on the JSE, which listing is expected to occur with the commencement of trade on 3 August 2012;
“listing date”	the date of the listing;
“Listings Requirements”	the Listings Requirements of the JSE in force as at the Last Practicable Date;
“Memorandum of Incorporation”	the memorandum of incorporation of CVH, as adopted by CVH Shareholders by special resolution at the Company’s general meeting on 24 May 2012;
“non-resident”	a person whose registered address is outside the Common Monetary Area;
“Operative Date”	the date on which the Scheme becomes operative, which operative date is expected to be 13 August 2012;
“pre-listing statement”	this pre-listing statement dated 8 June 2012, including all annexures hereto;
“PSG Capital”	PSG Capital (Proprietary) Limited (registration number 2006/015817/07), a private company incorporated under the laws of South Africa;
“PSG Corporate Services”	PSG Corporate Services (Proprietary) Limited (registration number 1996/004848/07), a private company incorporated under the laws of South Africa;
“Rand” or “R”	South African Rand, in the official currency of South Africa;
“RCI”	Remgro-Capevin Investments Limited (registration number 1965/005620/06), a public company incorporated under the laws of South Africa;
“RCI Distribution”	the distribution by CVI, following implementation of the Scheme and the listing, of its entire interest in RCI to CVH, as set out in paragraph 1.4 of the Salient Features section of this pre-listing statement;
“Register”	CVH’s securities register, including all sub-registers;
“Remgro”	Remgro Limited (registration number 1968/006415/06), a public company incorporated under the laws of South Africa and the shares in which company are listed on the JSE;

“Scheme” or “Scheme of Arrangement”	the scheme of arrangement in terms of section 114(1) of the Companies Act, proposed by the CVI board of directors between CVI and its shareholders, which scheme of arrangement is more fully described in the Scheme Circular, in terms of which CVH will, if the Scheme becomes operative, acquire the entire issued share capital of CVI, save for any shares already held by CVH;
“Scheme Circular”	the circular to CVI Shareholders, dated 8 June 2012, together with the annexures thereto, to which this pre-listing statement is annexed as an annexure;
“Scheme Consideration Shares”	the scheme consideration of 21 CVH Shares for each CVI Share acquired by CVH under the Scheme, rounded to the nearest whole number and credited as fully paid;
“Securities Services Act”	the Securities Services Act, No. 36 of 2004, as amended from time to time;
“SENS”	the Securities Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Limited (registration number 1998/022242/06), a company incorporated under the laws of South Africa, a central securities depository licensed in terms of the Securities Services Act and responsible for the electronic clearing and settlement system provided to the JSE;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services (Proprietary) Limited (registration number 2004/003647/07), a private company incorporated under the laws of South Africa; and
“Zeder”	Zeder Investments Limited (registration number 2006/019240/06), a public company incorporated under the laws of South Africa and the shares in which company are listed on the JSE.

CAPEVIN

HOLDINGS LIMITED

Capevin Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 1997/020857/06)
(Share Code: CVH, ISIN ZAE000167714)
("CVH" or "the Company")

(formerly KVV LIMITED)

Directors

CA Otto (Chairman) *
JJ Mouton *
AEvZ Botha * +
JJ Durand *
LC Verwey *
A Mellet (Financial Director)

* Non-executive

+ Independent

PRE-LISTING STATEMENT

1. OVERVIEW OF CVH

1.1. History of CVH

1.1.1. CVH was initially incorporated in Pretoria, South Africa under the name KVV Group Limited on 2 December 1997.

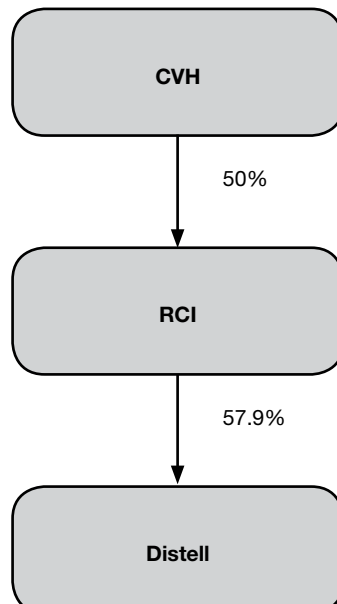
1.1.2. In August 2009 the KVV Group finalised a restructuring involving the unbundling of its operational business to its shareholders. Following the KVV Restructuring shareholders of the old KVV Group were invested in two separate entities: (1) an investment company, being CVH, having as its only significant asset an indirect interest in Distell, and (2) an operational entity, KVV Holdings Limited, owning the operational business.

1.1.3. Following the KVV Restructuring in 2009, there have been no material changes in the nature of the business conducted by CVH, being that of a passive investment holding company.

1.2. Structure of CVH

1.2.1. CVH is a passive investment holding company, having as its only significant asset an indirect interest in Distell.

1.2.2. Post-implementation of the Scheme, CVH will hold a 50% interest in RCI, which in turn holds a 57.9% interest in Distell, thereby giving CVH an indirect effective interest of 29% in Distell.



2. CURRENT INVESTMENT PORTFOLIO

- 2.1. CVH is a passive investment company having as its only significant asset the Distell Investment, as set out in the diagram at paragraph 1.2.2 above. The CVH Board does not intend to make any further investments.
- 2.2. As at the Operative Date of the Scheme, CVH's indirect investment in Distell will be worth approximately R4.96 billion, calculated on a see through market basis. During the previous financial year ended 30 June 2011, CVH received dividend income of R75.9 million as a result of the Distell Investment.
- 2.3. Distell is South Africa's leading producer and marketer of fine wines, spirits, ciders and ready-to-drinks. The shares in Distell are listed on the JSE. Distell employs over 4 500 people and has an annual turnover in excess of R12 billion.
- 2.4. Distell benefits from a strong position in the local market, high brand awareness levels, an extensive distribution network, local market knowledge, strong trade relationships and the structural capacity to rapidly introduce new products across all categories and channels. Distell has offices and agency networks in key markets in Africa, North and Latin America, Europe and Asia Pacific.
- 2.5. The Distell spirits portfolio consists of premium and super premium brandies and cognacs, white spirits, gins, whiskies and liqueurs. Some well-known, award-winning labels such as Amarula, Van Ryn's, Klipdrift, Oude Meester, Three Ships and Mainstay make up the spirits selection.
- 2.6. Distell's wine portfolio boasts a wide spread of brands, including some of South Africa's best-loved labels. Award-winning brands include Durbanville Hills, Nederburg, Fleur du Cap, Two Oceans, J.C Le Roux and Drostdy-Hof.
- 2.7. Distell has a comprehensive range of low alcohol cider and ready-to-drink alcoholic beverages, which include Hunter's and Savanna, the world's second and third largest cider brands respectively.

3. PROSPECTS

- 3.1. CVH is a passive investment company having as its only significant asset the Distell Investment. The CVH Directors therefore wish to remind Shareholders that the prospects of CVH are dependent on those of Distell. In its unaudited interim results for the six month period ended 31 December 2011, the board of Distell stated that it believes that challenging trading conditions, both domestically and internationally, will continue in the short term, with unemployment and limited disposable income still adversely impacting household consumption expenditure. Foreign currency volatility could also impact revenue and earnings. The board of Distell has, however, indicated that Distell is well positioned to take advantage of any improvement in economic conditions thanks to the flexibility flowing from Distell's diversity of product offerings, price points and trading destinations.
- 3.2. The Distell brands are well accepted and are perceived as offering good value. In addition, the portfolio is backed by excellent quality credentials, strong service levels and well-established routes to market.

4. DIVIDEND POLICY

- 4.1. It is the policy of CVH that all dividends received from the Distell Investment are, after providing for administration costs, distributed to shareholders.
- 4.2. CVH's ability to pay dividends depends upon it receiving dividends from its underlying indirect investment in Distell. There are no fixed dates for the payment of dividends by CVH.

5. MANAGEMENT OF CVH

- 5.1. CVH is a passive investment holding company with limited day-to-day operations and therefore does not require a dedicated executive team. As such CVH has an appointed financial director who manages all day to day operations. CVH has a wealth of experienced non-executive directors.
- 5.2. CVH has appointed PSG Corporate Services as company secretary of CVH, to provide administration services and to fulfil certain management functions on behalf of CVH. In terms of its appointment, the responsibilities of PSG Corporate Services include:
 - 5.2.1. providing company secretarial services to CVH;
 - 5.2.2. managing the general administrative activities of CVH, such as board and shareholders meetings, the accounting and bookkeeping functions and the management of the company's bank accounts;
 - 5.2.3. managing communication to investors and other stakeholders of CVH; and
 - 5.2.4. appointing professional advisors to advise generally and to provide professional services in respect of the affairs of CVH.

5.3. The administration and management fee payable to PSG Corporate Services is approved annually by the CVH Directors. The CVH Directors have in this regard approved a fee of R421 000 excluding VAT for such services for the current financial year ending 30 June 2012. The board of directors of CVI have likewise approved a fee of R670 000 excluding VAT for the corresponding period in respect of such services provided to CVI.

5.4. CVH does not involve itself in the management of Distell.

6. DIRECTORS

6.1. CVH is governed by the CVH Board. The CVH Board is responsible for ensuring that CVH complies with all of its statutory and regulatory obligations, as specified in the Companies Act, its Memorandum of Incorporation and, following the listing, in the Listings Requirements of the JSE.

6.2. The CVH Board at all times acts in the best interests of CVH in ensuring an effective compliance framework, the integrity of its financial reporting and risk management, together with timely and transparent disclosure to Shareholders.

6.3. The CVH Board consists of Messrs CA Otto, JJ Mouton, AEvZ Botha, JJ Durand, LC Verwey and A Mellet, whose details appear in paragraph 6.5 of this pre-listing statement.

6.4. In view of the narrow scope of the Company's operations, the role of the CVH Board is limited to monitoring CVH's investment performance and to ensure that procedures and practices are in place to protect CVH's assets and reputation.

6.5. Details of directors of CVH Group

Details of CVH Directors

6.5.1. The full names, ages, business address and capacities of the directors of CVH are provided below:

Full name	Age	Capacity	Business Address
Chris Adriaan Otto	62	Non-executive Chairman	1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch
Johannes Jacobus Mouton	37	Non-executive director	1st Floor, PSG House, Alphen Park, Constantia Main Road, Constantia
Arend Egbertus van Zyl Botha	55	Independent non-executive director	Goedemoed Farm, Vredendal
Jan Jonathan Durand	45	Non-executive director	16 Stellantia Avenue, Millennia Park, Stellenbosch
Lucas Cornelis Verwey	37	Non-executive director	16 Stellantia Avenue, Millennia Park, Stellenbosch
Andries Mellet	28	Financial director	1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch

6.5.2. All CVH Directors are South African citizens.

6.5.3. A list of other directorships held by the CVH Directors is set out in **Annexure CVH5**. None of the CVH Directors are partners with unlimited liability.

Details of CVI directors

(CVI to be wound up post-implementation of the Scheme and the RCI Distribution)

6.5.4. All CVH Directors, other than Mr LC Verwey, are currently also directors of CVI. In addition, in order to comply with the requirements of the Companies Regulations relating to the composition of an independent board for purposes of the Scheme, Messrs R Jansen and J Hugo have been co-opted as independent non-executive directors to the CVI Board, with effect from 3 April 2012 and until the next annual general meeting of CVI.

6.5.5. The full names, ages, business addresses and capacities of Messrs R Jansen and J Hugo are provided below:

Full name	Age	Capacity	Business Address
Jan du Toit Hugo	54	Independent non-executive director	39 Albatross Drive, Fancourt, George
Rudolf Marthinus Jansen	43	Independent non-executive director	13 Bergbosch Street, Die Boord, Stellenbosch

6.5.6. All directors of CVI are South African citizens.

6.6. Experience of directors

Experience of CVH Directors

6.6.1. **Chris Adriaan Otto** **(Non-executive chairman) (62) (BComm LLB)**

Mr Otto was born in Johannesburg and educated at the University of Stellenbosch. Originally a co-founder and an executive director of PSG Group Limited since its formation in 1995, he has served as a non-executive director of PSG Group Limited since 16 February 2009. Mr Otto was directly involved in the establishment of PSG Group Limited's investment in micro-finance and the subsequent establishment of Capitec Bank of which he has been a director since inception. He has also been responsible for the establishment of PSG Group Limited's investments in the agri-sector which culminated in the formation of Zeder Investments Limited of which he remains a director. Mr Otto is a director of Distell and was appointed to the CVH Board in July 2009.

6.6.2. **Arend Egbertus van Zyl Botha** **(Independent non-executive director) (55) (BSc Agric (Hons) (Viticulture))**

Mr Botha is a wine farmer and owner of Goedemoed Boerdery in Vredendal and is also chairman of VinPro Limited and Namaqua Wines (Proprietary) Limited. Mr Botha was appointed to the CVH Board in July 2009.

6.6.3. **Jan Jonathan Durand** **(Non-executive director) (45) (BAcc (Hons), MPhil, CA(SA))**

Mr Durand is currently the Chief Executive Officer of Remgro and a director of various other companies, including Kagiso Trust Investments (Proprietary) Limited, Sabido Investments (Proprietary) Limited and Discovery Holdings Limited. Mr Durand was appointed to the CVH Board in March 2010.

6.6.4. **Johannes Jacobus Mouton** **(Non-executive director) (37) (BAcc (Hons), MPhil, CA(SA))**

Mr Mouton is currently the manager of PSG Flexible Fund and a director of various companies, including PSG Group Limited. Mr Mouton was appointed to the CVH Board in July 2009.

6.6.5. **Lucas Cornelis Verwey** **(Non-executive director) (37) (BCompt (Hons), CA(SA), CFA)**

Mr Verwey is currently an Investment Executive at Remgro and a director of Britehouse (Proprietary) Limited, Premier Team Holdings Limited and Saracens Limited.

6.6.6. **Andries Mellet** **(Financial director) (28) (BCompt (Hons), CA(SA))**

Mr Mellet completed his articles with PricewaterhouseCoopers' Cape Town Financial Services practice. Mr Mellet was Financial Director of mCubed Holdings Limited between October 2010 and February 2011. He has been employed by PSG Corporate Services for the last 2 years and acts as secretary to the executive committee of PSG Group Limited.

Experience of CVI directors

6.7. All CVH Directors, other than Mr LC Verwey, are currently also directors of CVI. As indicated in paragraph 6.5.4 above, Messrs R Jansen and J Hugo have been co-opted as independent non-executive directors to the CVI Board.

6.7.1. **Jan du Toit Hugo** **(Independent non-executive director of CVI) (54) (BComm (Hons), CA(SA))**

Mr Hugo has twenty years experience in corporate finance and private equity at Rand Merchant Bank and Standard Bank. Mr Hugo has been co-opted to the CVI Board with effect from 3 April 2012 and until the next annual general meeting of CVI.

6.7.2. **Rudolf Marthinus Jansen** **(Independent non-executive director of CVI) (43) (BComm (Hons), CA(SA))**

Mr Jansen's experience includes serving as group chief executive officer of MWEB for approximately six years and as an executive member of Multichoice South Africa's management team. Mr Jansen has been co-opted to the CVI Board with effect from 3 April 2012 and until the next annual general meeting of CVI.

6.8. Financial director

The executive financial director of CVH is Mr A Mellet. The audit committee has considered and satisfied itself of the appropriateness of the expertise and experience of Mr Mellet.

6.9. Further particulars regarding directors

6.9.1. None of the directors of CVH Group:

- 6.9.1.1. have been declared bankrupt, insolvent or have entered into any individual voluntary compromise arrangements;
- 6.9.1.2. have been directors with an executive function of any company put under, or proposed to be put under, any business rescue plans, or that is or was the subject of an application for business rescue, any notices in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangements with creditors generally or any class of creditors, at the time of such event or within the 12 months preceding any such event;
- 6.9.1.3. have been partners in a partnership that was the subject of any compulsory liquidation, administration or partnership voluntary arrangement, at the time of such event or within the 12 months preceding any such event;
- 6.9.1.4. entered into any receiverships of any asset(s) or of a partnership where such directors are or were partners during the preceding 12 months;
- 6.9.1.5. have been publicly criticised by a statutory or regulatory authority, including recognised professional bodies, or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- 6.9.1.6. been involved in any offence of dishonesty;
- 6.9.1.7. been removed from an office of trust, on the grounds of misconduct, involving dishonesty; or
- 6.9.1.8. been the subject of any court order declaring him delinquent or placing him under probation in terms of section 162 of the Companies Act and/or section 47 of the Close Corporations Act, 1984 or been disqualified by a court to act as a director in terms of section 219 of the Companies Act, 1973.

6.10. Directors' powers

Borrowing powers

- 6.10.1. The provisions of the Memorandum of Incorporation regarding the borrowing powers exercisable by the CVH Directors are set out in **Annexure CVH1** to this pre-listing statement. The Memorandum of Incorporation does not provide for the borrowing powers of the CVH Directors to be varied and any variation of such powers would accordingly require an amendment of the Memorandum of Incorporation by special resolution of CVH Shareholders.
- 6.10.2. The borrowing powers of CVH Directors have not been exceeded during the three years preceding the Last Practicable Date and no exchange control or other restrictions have been imposed on CVH's borrowing powers in that period.

6.11. Appointment and qualification of directors

- 6.11.1. The relevant provisions of the Memorandum of Incorporation regarding the term of office of directors, the manner of their appointment and rotation are set out in **Annexure CVH1**. No person has the right in terms of any agreement in respect of the appointment of any director or any number of directors.
- 6.11.2. The relevant provisions of the Memorandum of Incorporation relating to the qualification of directors appear in **Annexure CVH1**. Apart from satisfying the qualification and eligibility requirements set out in section 69 of the Companies Act and the applicable provisions set out in clause 27.4 of the Memorandum of Incorporation (an extract of which appears in **Annexure CVH1**), a person need not satisfy any eligibility requirements or qualifications to become or remain a director of CVH.
- 6.11.3. The Memorandum of Incorporation does not prescribe an age limit at which CVH Directors are to retire as directors of CVH.

6.12. Remuneration of directors

- 6.12.1. CVH may pay remuneration to directors for their services as directors in accordance with a special resolution approved by CVH Shareholders within the previous two years, as set out in section 66(8) and (9) of the Companies Act, and the power of CVH in this regard is not limited or restricted by the Memorandum of Incorporation.
- 6.12.2. Any Director who (1) serves on any executive or other committee; or (2) devotes special attention to the business of the Company; or (3) goes or resides outside South Africa for the purpose of the Company; or (4) otherwise performs or binds himself to perform services which, in the opinion of the CVH Board, are outside the scope of the ordinary duties of a director, may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a director, as a disinterested quorum of the CVH Board may from time to time determine.
- 6.12.3. CVH Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with the business of the Company and attending meetings of the directors or of committees of the directors of CVH.
- 6.12.4. The remuneration of executive directors of CVH shall be determined by a disinterested quorum of CVH Directors or a remuneration committee appointed by the CVH Directors, shall be in addition to or in substitution of any ordinary remuneration as a director of CVH, as the CVH Directors may determine, and may consist of a salary or a commission on profits or dividends or both, as the CVH Directors may direct.
- 6.12.5. For the previous financial year ended 30 June 2011, emoluments paid to the directors of CVH were as follows:

	Salary (R)	Directors' fees (R)	Fees for other services (R)	Provident fund, medical aid and pension contributions (R)	Bonuses (R)	Expense allowance	Total (R)
CA Otto	-	-	-	-	-	-	-
JJ Mouton ⁽¹⁾	-	20 000	-	-	-	-	20 000
AEvZ Botha ^{(1) (2)}	-	40 000	-	-	-	-	40 000
JJ Durand	-	-	-	-	-	-	-
KI Mampeule ^{(1) (3)}	-	25 000	-	-	-	-	25 000
A Wessels ⁽⁴⁾	-	-	-	-	-	-	-
A Mellet ⁽⁵⁾	-	-	-	-	-	-	-
LC Verwey ⁽⁶⁾	-	-	-	-	-	-	-

Notes:

- ¹ For services rendered up to and including the board meeting held on 30 August 2010, R20 000 was paid to each of Messrs AEvZ Botha and JJ Mouton, and R25 000 was paid to Mr KI Mampeule in his capacity as chairman.
- ² For services rendered up to and including the board meeting held on 23 February 2011, R20 000 was paid to Mr AEvZ Botha.
- ³ Mr KI Mampeule resigned as a director of CVH on 22 October 2010.
- ⁴ Ms A Wessels resigned as a director of CVH on 25 April 2012.
- ⁵ Mr A Mellet was appointed as a director of CVH on 25 April 2012.
- ⁶ Mr LC Verwey was appointed as a director of CVH on 28 May 2012.

- 6.12.6. CVH Directors are not entitled to any commission and are not party to any gain or profit-sharing arrangements with CVH. Save for the emoluments set out in the table at paragraph 6.12.5 above, no other material benefits were received by CVH Directors for the previous financial year ended 30 June 2011.
- 6.12.7. CVH Directors are not entitled to and have not been awarded any share options or other rights, which have the same or a similar effect in respect of providing a right to subscribe for shares.
- 6.12.8. Save for Mr AEvZ Botha who is independent, all non-executive directors represent material shareholders in CVH. The CVH Board has therefore resolved not to pay directors emoluments. This will be reconsidered on an annual basis.
- 6.12.9. No fees have been paid to any third party in lieu of directors' fees.
- 6.12.10. There will be no variation in the remuneration receivable by any of the directors as a consequence of the Scheme or the listing.
- 6.12.11. CVH has not paid any amounts, or agreed to pay any amounts (whether in cash, in securities or otherwise), within the three years preceding the date of this pre-listing statement, to any director of CVH or to any company in which he is beneficially interested, directly or indirectly, or of which he is a director, or to any partnership, syndicate or

other association of which he is a member, either to induce him to become, or to qualify him as a director or otherwise for services rendered by him or by the aforesaid entities in connection with the promotion or formation of CVH.

6.13. Interests of directors

6.13.1. As at the Last Practicable Date:

6.13.1.1. Mr A Mellet held 8 000 CVH Shares; and

6.13.1.2. none of the other CVH Directors or their associates, including any directors who have resigned during the 18 months preceding the Last Practicable Date, held any direct or indirect beneficial interest in the issued share capital of CVH.

6.13.2. The interests disclosed in paragraph 6.13.1 above remain unchanged from those applicable at the end of the previous financial year ended 30 June 2011.

6.13.3. None of the directors of the CVH Group, including any directors who have resigned during the 18 months preceding the Last Practicable Date, hold or held any material beneficial interest, whether direct or indirect, in the transactions that were effected by CVH during the current or immediately preceding financial year, or during an earlier financial year and which remain in any respect outstanding or unperformed.

6.14. Service contracts of directors

CVH does not have service agreements with any of its executive or non-executive directors. The only executive director of CVH is its financial director, Mr A Mellet, who is an employee of PSG Corporate Services.

7. SHARE CAPITAL

7.1. Issue of the Scheme Consideration Shares

In terms of the Scheme, it is proposed that CVH acquire the entire issued share capital of CVI, other than shares already held by CVH, by way of a scheme of arrangement in terms of section 114 of the Companies Act. Should the Scheme become unconditional and be implemented, CVH shall issue the Scheme Consideration Shares to each CVI Shareholder taking part in the Scheme, being 21 CVH Shares for each CVI Share held by such shareholder on the applicable record date, rounded to the nearest whole number and credited as fully paid. All CVH Shares (including the Scheme Consideration Shares) will be listed on the JSE on 3 August 2012, with the Scheme Consideration Shares being issued thereafter on the Operative Date of the Scheme, which is currently anticipated to be 13 August 2012.

7.2. Authorised and issued share capital

7.2.1. The authorised and issued share capital of CVH is set out below:

	Before issuing of the Scheme Consideration Shares	After issuing of the Scheme Consideration Shares
	Number of shares	Number of shares
Authorised share capital		
Ordinary no par value shares	2 000 000 000	2 000 000 000
Issued share capital		
Ordinary no par value shares ¹	447 923 265	880 103 265

Notes:

¹ Assumes that 432 180 000 Scheme Consideration Shares are issued pursuant to the Scheme becoming operative.

7.2.2. As at the Last Practicable Date the stated capital of CVH was R7.01 million. The Stated Capital of CVH will, as a result of the issuing of the Scheme Consideration Shares, increase to R2 085 797 000.

7.2.3. As at the listing date all CVH Shares in issue shall rank *pari passu* with each other in all respects, including in respect of voting rights and dividends. The Scheme Consideration Shares will not be convertible or redeemable.

7.2.4. No shares are held in treasury.

7.2.5. No debentures have been created or issued by CVH.

7.2.6. All CVH Shares in issue are fully paid up and freely transferable.

7.3. Issue of Scheme Consideration

7.3.1. The number of Scheme Consideration Shares issued to each CVI shareholder taking part in the Scheme is calculated as 21 CVH Shares for each CVI Share acquired by CVH under the Scheme, rounded to the nearest whole number and credited as fully paid.

7.3.2. At the general meeting of CVH Shareholders on 24 May 2012, Shareholders approved, by means of a special resolution in terms of section 41(3) of the Companies Act, the issuing by CVH of the Scheme Consideration Shares pursuant to the Scheme. Pursuant to the aforesaid shareholder approval, the CVH Board has resolved to issue the Scheme Consideration Shares, upon the Scheme becoming operative. The Scheme remains subject to the approval of CVI Shareholders, which will be requested from the CVI Shareholders at the upcoming CVI General Meeting on 10 July 2012.

7.4. Changes to share capital

7.4.1. At a general meeting of shareholders on 24 May 2012, CVH Shareholders resolved by special resolution that:

7.4.1.1. all class B shares forming part of the authorised share capital of CVH be cancelled (at the time there were no class B shares in issue);

7.4.1.2. the designation of all class A shares forming part of the authorised and issued share capital of CVH be changed to "ordinary shares";

7.4.1.3. each of the authorised and the issued ordinary shares in CVH having a par value of 0.0025 cents be converted to an ordinary share having no par value, on the basis that each ordinary no par value share shall have the same rights and privileges as attached to such share prior to its conversion; and

7.4.1.4. the authorised share capital of CVH, comprising 643 388 800 ordinary no par value shares, be increased by a further 1 356 611 200 ordinary no par value shares to a total of 2 billion ordinary no par value shares.

7.4.2. Save as set out in paragraph 7.4.1 above, there have been no other changes to CVH's authorised or issued share capital over the three years preceding the date of this pre-listing statement. The effect of the Scheme, should it become operational, is shown in paragraphs 7.1 – 7.3 above.

7.4.3. Following the KVV Restructuring in 2009, no securities were issued or offered by CVH or its subsidiary, CVI, and no shares were repurchased by the CVH or CVI during this period.

7.4.4. Following the KVV Restructuring in 2009, no consolidations or sub-divisions occurred in respect of the securities of CVH.

7.4.5. CVH Shareholders control the issue of the authorised but unissued securities of CVH, as the CVH Directors may only resolve to issue shares and/or grant options to subscribe for shares, to the extent that such issue or option has been approved by the Shareholders in a general meeting, either by way of a general authority (which may be either conditional or unconditional) or a specific authority in respect of any particular issue or option in respect of shares, provided that, if such approval is in the form of a general authority to the CVH Board, it shall be valid only until the next annual general meeting of the Company and it may be varied or revoked by any general meeting of the Shareholders prior to such annual general meeting.

7.5. Voting, variation and conversion of rights

7.5.1. The authorised share capital of CVH is comprised of 2 billion ordinary shares of no par value and of the same class, each of which ranks *pari passu* in respect of all rights and entitles the holder to:

7.5.1.1. vote on any matter to be decided by the Shareholders and to one vote on a show of hands, irrespective of the number of voting rights that person would otherwise be entitled to exercise, and, on a poll, one vote per CVH Share held in the case of a vote by means of a poll;

7.5.1.2. participate proportionally in any distribution made by the Company; and

7.5.1.3. receive proportionally the net assets of the Company upon its liquidation.

7.5.2. The provisions of the Memorandum of Incorporation relating to the variation of rights attaching to shares in the share capital of CVH are set out in **Annexure CVH1**.

7.6. Dividends

7.6.1. In terms of the Memorandum of Incorporation all unclaimed monies that are due to any Shareholders pursuant to the declaration of a dividend shall be held by CVH in trust until lawfully claimed by such Shareholder/s, or until the Shareholder's claim to such money has prescribed in terms of the applicable laws of prescription.

7.6.2. No arrangements exist under which future dividends are waived or are agreed to be waived.

7.7. No other listings

As at the date of this pre-listing statement no securities of CVH are listed on the JSE or on any other stock exchange. Upon the listing, all of CVH's issued ordinary shares will be listed on the JSE under the abbreviated name "CapevinH", share code "CVH" and ISIN ZAE000167714. No shares of CVH will be listed on any other stock exchange.

7.8. Major and controlling shareholders and shareholder spread

On the listing of the Scheme Consideration Shares, the following shareholders, to the best of the CVH Directors' knowledge and belief, will be beneficially interested (directly or indirectly) in 5% or more of the issued ordinary share capital of CVH.

Name of Shareholder	Number of Shares held ¹	Percentage Shareholding ¹
Zeder	178,494,195	20.3%
Remgro	135,705,697	15.4%

Notes:

¹ This table discloses the number of shares held and the percentage shareholding of Zeder and Remgro upon the issuing of the Scheme Consideration Shares (i.e. on implementation of the Scheme). Their shareholding prior to implementation of the Scheme appears in **Annexure CVH3** hereto.

On the issuing of the Scheme Consideration Shares, CVH will not have a controlling shareholder, as defined in the Listings Requirements.

7.9. Listing criteria

At the time of the issuing of the Scheme Consideration Shares:

7.9.1. CVH shall have stated capital of R2 085 797 000;

7.9.2. CVH shall have 880 103 265 ordinary shares in issue;

7.9.3. CVH shall have an audited profit history for the preceding three financial years, the last of which reported an audited profit before tax of R278.8 million (financial year ended 30 June 2011);

7.9.4. more than 20% of the issued ordinary share capital of CVH will be held by the public; and

7.9.5. CVH shall have more than 300 public shareholders.

7.10. Options and preferential rights in respect of shares

There is no contract or arrangement, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any securities of CVH Group.

7.11. Shares issued other than for cash

Save for the shares issued as Scheme Consideration of the Scheme, no shares have been issued or agreed to be issued by CVH or any of its subsidiaries during the three years preceding the Last Practicable Date, other than for cash or at all.

8. FINANCIAL INFORMATION

8.1. Financial Information of CVH

8.1.1. The audited historical financial information of CVH for the last three financial years ended 30 June 2009, 2010 and 2011 is annexed as **Annexure 6** to the Scheme Circular, together with the Independent Reporting Accountants' report thereon as **Annexure 7** to the Scheme Circular.

- 8.1.2. The reviewed historical financial information of CVH for the most recent interim financial period ended 31 December 2011 is annexed to the Scheme Circular as **Annexure 8**, together with the Independent Reporting Accountants' report thereon as **Annexure 9** to the Scheme Circular.
- 8.1.3. The audited historical financial information of CVI for the last three financial years ended 30 June 2009, 2010 and 2011 is annexed as **Annexure 2** to the Scheme Circular, together with the Independent Reporting Accountants' report thereon as **Annexure 3** to the Scheme Circular.
- 8.1.4. The reviewed historical financial information of CVI for the most recent interim financial period ended 31 December 2011 is annexed to the Scheme Circular as **Annexure 4**, together with the Independent Reporting Accountants' report thereon as **Annexure 5** to the Scheme Circular.

8.2. Material changes

- 8.2.1. Save for the Scheme, there have been no material changes in the financial or trading position of CVH since 30 June 2011, being the end of the last audited financial period, until the Last Practicable Date.
- 8.2.2. Following the KVV Restructuring in 2009, there have been no material changes in the nature of the business conducted by CVH, being that of a passive investment holding company, or its trading objects.
- 8.2.3. Save for the Scheme, resulting, through the issue by CVH of the Scheme Consideration Shares, in Zeder's interest in the issued share capital of the Company being reduced from 39.8% to 20.3%, there has been no change in controlling shareholders of CVH since the KVV Restructuring in 2009.

8.3. Material commitments, lease payments and contingent liabilities

As at the Last Practicable Date, CVH had no material commitments, lease payments or contingent liabilities.

8.4. Borrowings

- 8.4.1. No material loans have been made to CVH or CVI.
- 8.4.2. No debentures have been created or issued by CVH.
- 8.4.3. No loan capital is currently outstanding.

8.5. Loans receivable

- 8.5.1. No material loans have been made by CVH or CVI.
- 8.5.2. CVH's unlisted investment in RCI (at cost) comprises 50 ordinary shares of R1 each and an unsecured, interest-free loan with no specific terms of repayment. The Distell Investment is indirectly held via the aforementioned investment in RCI.
- 8.5.3. CVH Group has not made any loans to, or furnished any security to, or for the benefit of any director, manager or associate of any director or manager of CVH.

8.6. Adequacy of working capital

The CVH Directors are of the opinion that the working capital available to the CVH Group is adequate for the present requirements of CVH and the CVH Group, i.e. for a period of 12 months from the date of issue of this pre-listing statement.

8.7. Principal immovable property owned and leased

- 8.7.1. The CVH Group does not own any immovable property.
- 8.7.2. The CVH Group does not lease any immovable property.

8.8. Property acquired or to be acquired

- 8.8.1. There have been no material acquisitions by CVH following the 2009 KVV Restructuring, and no material acquisitions are proposed by CVH Group.
- 8.8.2. There are no material inter-company financial or other transactions.

8.9. Property disposed of or to be disposed of

No material property has been disposed of by CVH following the 2009 KVV Restructuring, nor will any such property be disposed of in the foreseeable future.

8.10. Royalties

No royalties or items of a similar nature are payable by CVH Group.

9. KING III CODE AND CORPORATE GOVERNANCE

Shareholders are referred to **Annexure CVH2**, which concerns the application of the King III Code and other corporate governance principles.

10. LISTING ON JSE

10.1. The JSE has formally approved the listing of all of the ordinary shares in the issued share capital of CVH (including the Scheme Consideration Shares) on the JSE under the abbreviated name "CapevinH", share code "CVH" and ISIN ZAE000167714 with effect from the commencement of trade on 3 August 2012. The Scheme Consideration Shares will be issued thereafter on the Operative Date of the Scheme, which is currently anticipated to be 13 August 2012.

10.2. Shareholders are referred to paragraph 1.2 of the Salient Features section of this pre-listing statement for further information regarding the rationale for the listing.

11. ADDITIONAL INFORMATION

11.1. Promoters' and other interests

11.1.1. No amounts have been paid or have accrued as payable and no benefit was given or proposed to be given within the last three years to any promoter or to any partnership, syndicate or other association of which he is or was a member.

11.1.2. No director or promoter has any material beneficial interest, direct or indirect, in the promotion of CVH.

11.1.3. No commissions were paid, or accrued as payable, by CVH within the three years preceding the date of this pre-listing statement in respect of any underwriting.

11.1.4. No commissions, discounts, brokerages or other special terms have been granted by CVH within the three years preceding the date of this pre-listing statement in connection with the issue or sale of any securities, stock or debentures in the capital of CVH.

11.2. Government protection and investment encouragement law

There is no Government protection or investment encouragement law affecting CVH or its subsidiaries.

11.3. Litigation

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which CVH is aware, which may have or have during the 12 months preceding the Last Practicable Date had, a material effect on the financial position of CVH.

11.4. Material contracts

No material contracts have been entered into by CVH Group, other than in the ordinary course of business, (1) within the two years prior to the date of this pre-listing statement or, (2) at any other time where such agreement contains an obligation or settlement that is material to CVH as at the date of this pre-listing statement.

11.5. Experts' consents

The Independent Reporting Accountants and each of the experts, whose names appear in the "Corporate Information" section of this pre-listing statement, have given and have not, prior to the formal approval of this pre-listing statement by the JSE, withdrawn their written consents to the inclusion of their names, and acting in the capacities stated and, where applicable, to their reports being included in this pre-listing statement.

11.6. Expenses and listing fees

The estimated expenses of the listing and the Scheme (exclusive of VAT), including fees payable to professional advisers, are as follows:

		R
Printing, publication, distribution and advertising expenses	Greymatter & Finch	270 000
JSE documentation fees	JSE	70 000
JSE listing fees	JSE	300 000
Fairness opinion	Deloitte & Touche	180 000
Transfer Secretaries and Strate	Computershare	50 000
Corporate adviser and JSE sponsor	PSG Capital	1 700 000
Lead independent sponsor	Sasfin Capital	30 000
Independent Reporting Accountants and Auditors	PwC	250 000
Legal advisors	Cliffe Dekker Hofmeyr	150 000
TOTAL		3 000 000

11.7. Responsibility statement

The directors of CVH, whose names are set out in paragraph 6.5.1 of this pre-listing statement collectively and individually accept full responsibility for the accuracy of the information contained in this pre-listing statement which relates to CVH and, in this regard, certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this pre-listing statement contains all information required by the Listings Requirements.

11.8. Documents available for inspection

The following documents, or copies thereof, will be available for inspection at the registered office of CVH and at the Stellenbosch and Johannesburg offices of PSG Capital at the addresses referred to in the "Corporate Information" section of this pre-listing statement, during normal office hours from the date of issue of this pre-listing statement up to the listing date:

11.8.1. the Memorandum of Incorporation of CVH;

11.8.2. the audited consolidated financial statements of CVH for the financial years ended 30 June 2009, 2010 and 2011 and the report thereon by the Independent Reporting Accountants, as reproduced at **Annexures 6 and 7** to the Scheme Circular;

11.8.3. the reviewed consolidated financial statements of CVH for the interim financial period ended 31 December 2011 and the report thereon by the Independent Reporting Accountants, as reproduced at **Annexures 8 and 9** to the Scheme Circular;

11.8.4. the audited consolidated financial statements of CVI for the financial years ended 30 June 2009, 2010 and 2011 and the report thereon by the Independent Reporting Accountants, as reproduced at **Annexures 2 and 3** to the Scheme Circular;

11.8.5. the reviewed consolidated financial statements of CVI for the interim financial period ended 31 December 2011 and the report thereon by the Independent Reporting Accountants, as reproduced at **Annexures 4 and 5** to the Scheme Circular;

11.8.6. written consent letters by experts and advisers, as referred to in paragraph 11.5 above;

11.8.7. a copy of the Scheme Circular; and

11.8.8. a copy of this pre-listing statement.

SIGNED AT STELLENBOSCH ON 7 JUNE 2012 BY CA OTTO ON BEHALF OF ALL THE DIRECTORS OF CAPEVIN HOLDINGS LIMITED, AS LISTED BELOW, IN TERMS OF POWERS OF ATTORNEY SIGNED BY SUCH DIRECTORS



CA Otto
AEvZ Botha
JJ Durand

JJ Mouton
A Mellet
LC Verwey

RELEVANT PROVISIONS FROM THE MEMORANDUM OF INCORPORATION OF CVH

This Annexure CVH1 details various provisions from the Memorandum of Incorporation of CVH, as required under the JSE Listings Requirements. In each case, the numbering and wording below matches that of the applicable provisions in the Memorandum of Incorporation.

EXTRACT FROM THE MEMORANDUM OF INCORPORATION RELATING TO THE VARIATION OF RIGHTS ATTACHING TO SECURITIES

- 6.2 The power of the Board to –
- 6.2.1 increase or decrease the number of authorised Shares of any class of the Company's Shares; or
 - 6.2.2 create any class of Shares; or
 - 6.2.3 reclassify any classified Shares that have been authorised but not issued; or
 - 6.2.4 classify any unclassified Shares that have been authorised but not issued; or
 - 6.2.5 determine the preferences, rights, limitations or other terms of any Shares,
- shall be subject to the approval of the Shareholders by way of a special resolution.
- 6.3 The authorisation and classification of Shares, the numbers of authorised Shares of each class, and the preferences, rights, limitations and other terms associated with each class of Shares as set out in this Memorandum of Incorporation may be changed only by an amendment of this Memorandum of Incorporation by special resolution of the Shareholders and in accordance with the JSE Listings Requirements.
- 6.4 Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share, and accordingly if any amendment to this Memorandum of Incorporation relates to the variation of any preferences, rights, limitations and other terms associated with any class of Share already in issue, such amendments shall not be implemented without a special resolution adopted by the holders of Shares of that class at a separate meeting. The holders of Shares of that class will, subject to the further provisions of clause 23.2, also be entitled to vote at the meeting of ordinary Shareholders where the amendment is tabled for approval.
- 6.5 No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7).

EXTRACT FROM THE MEMORANDUM OF INCORPORATION RELATING TO DIRECTORS, INCLUDING THEIR APPOINTMENT AND ROTATION

27 DIRECTORS

- 27.1 Every person holding office as a Director, Prescribed Officer, company secretary or auditor of the Company immediately before the effective date of the Act will, as contemplated in item 7(1) of Schedule 5 to the Act, continue to hold that office.

27.2 Number of Directors

- 27.2.1 The Board must comprise at least 4 (four) Directors.
- 27.2.2 If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with clause 27.3.6 or convene a general meeting for the purpose of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said 3 (three) month period does not limit or negate the authority of the Directors or invalidate anything done by the Directors while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation.
- 27.2.3 The Directors in office may act notwithstanding any vacancy in their body, but if after the expiry of the 3 (three) month period contemplated in clause 27.2.2, their number remains below the minimum number fixed in accordance with this Memorandum of Incorporation, they may, for as long as their number is reduced below such minimum, act only for the purpose of filling vacancies in their body in terms of section 68(3) or of summoning general meetings of the Company, but not for any other purpose.

27.3 Nomination and appointment of Directors

- 27.3.1 Except for the executive Directors who shall be appointed in terms of clause 30, and subject to the provisions of clause 27.3.6, all other Directors shall be nominated by the Shareholders for appointment as Directors in terms of the provisions of clauses 27.3.2 and 27.3.3 and elected as such by an ordinary resolution of the Shareholders at a general or annual general meeting of the Company and no appointment of a Director in accordance with a resolution passed in terms of section 60 shall be competent.
- 27.3.2 Subject to the provisions of clauses 27.4 and 27.3.6, a person as envisaged in clause 27.3.1 shall only be eligible for election as a Director if he is recommended by the Board or nominated in the manner referred to in clause 27.3.3.
- 27.3.3 No person, other than a Director retiring at the meeting shall, unless recommended by the Board, be eligible for election as a Director at any general meeting, unless –
- 27.3.3.1 not more than 28 (twenty eight) days, but at least 7 (seven) clear days before the day appointed for the meeting, there shall have been delivered at the principal place of business of the Company a notice in writing by a Shareholder (who may be the proposed Director) duly qualified to be present and to vote at the meeting for which such notice is given;
- 27.3.3.2 such notice sets out the Shareholder's intention to propose a specific person for election as Director; and
- 27.3.3.3 notice in writing by the proposed person of his willingness to be elected is attached thereto (except where the proposer is the same person as the proposed).
- 27.3.4 In any election of Directors –
- 27.3.4.1 the election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with the series of votes continuing until all vacancies on the Board have been filled; and
- 27.3.4.2 in each vote to fill a vacancy –
- 27.3.4.2.1 each vote entitled to be exercised may be exercised once; and
- 27.3.4.2.2 the vacancy is filled only if a majority of the votes exercised support the candidate.
- 27.3.4.3 if the election process results therein that –
- 27.3.4.3.1 more nominees are elected as Directors than there are vacancies, those nominees (being a number of the nominees that are equal to the number of vacancies) that received the most votes will be the elected Directors, provided that in the event that a number of nominees that compete for a lesser number of vacancies received an equal number of votes, the Director or Directors elected to fill those vacancies will be determined by lot in the manner that the chairman of the meeting will determine;
- 27.3.4.3.2 less nominees are elected as Directors than there are vacancies, the remaining vacancies will remain unless filled in terms of the provisions of clause 27.3.6;
- 27.3.4.4 if no or insufficient candidates are nominated to fill the number of vacancies on the Board, the vacancies so caused shall be regarded as interim vacancies which shall be filled in terms of the provisions of clause 27.3.6.
- 27.3.5 Save as provided for in clauses 27.3.6 and 30, the Company shall only have elected Directors and there shall be no appointed or *ex officio* Directors as contemplated in section 66(4).
- 27.3.6 The Board has the power to appoint or co-opt any person as Director, whether to fill any vacancy on the Board on a temporary basis, as set out in section 68(3), or as additional Director, provided that such appointment must be confirmed by the Shareholders, in accordance with clause 27.2.2, at the next annual general meeting of the Company, as required in terms of section 70(3)(b)(i).

27.4 Eligibility, resignation and retirement of Directors

- 27.4.1 Apart from satisfying the qualification and eligibility requirements set out in section 69 and subject to the below mentioned provisions of this clause 27.4, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director or a Prescribed Officer of the Company.
- 27.4.2 Subject to any provisions of clause 27.4.3, a Director shall vacate his office as Director if –
- 27.4.2.1 his estate is sequestered or he surrenders his estate or enters into a general compromise with his creditors;
- 27.4.2.2 he is found to be or become of unsound mind;

- 27.4.2.3 a majority of his co-Directors sign a written notice in which he is requested to vacate his office and lodge it at the principal place of business of the Company, (which shall come into effect upon lodging thereof at the principal place of business of the Company), but without prejudice to any claim for damages;
- 27.4.2.4 he is removed from office by a resolution of the Company of which proper notice have been given in term of the Act, but without prejudice to any claim for damages;
- 27.4.2.5 he is, pursuant to the provisions of the Act or any order made thereunder, prohibited from acting as a Director;
- 27.4.2.6 he resigns his office as Director by notice in writing to the Company;
- 27.4.2.7 he is absent from meetings of the Board for 3 (three) consecutive months without leave of the Directors while not engaged in the business of the Company, and he is not represented at any such meeting during such 3 (three) consecutive months by an alternate Director; and the Directors resolve that his office be, by reason of such absence, vacated, provided that the Directors shall have the power to grant to any Director leave of absence for a definite or indefinite period.
- 27.4.3 No Director shall be appointed for life or for an indefinite period and the non-executive Directors shall rotate in accordance with the following provisions of this clause 27.4.3 –
- 27.4.3.1 at each annual general meeting referred to in clause 21.2.1, 1/3 (one third) of the non-executive Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office;
- 27.4.3.2 the non-executive Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as non-executive Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot;
- 27.4.3.3 notwithstanding the provisions of this clause 27.4.3, a non-executive Director who has already held his office for a period of 3 (three) years since his last election for appointment by the date of any annual general meeting shall retire at such meeting, either as one of the non-executive Directors retiring according to the roster referred to above, or over and above such non-executive Directors;
- 27.4.3.4 the length of time a non-executive Director has been in office shall be computed from his last election, appointment or date upon which he was deemed re-elected;
- 27.4.3.5 a non-executive Director retiring at a meeting shall retain office until the election of non-executive Directors at that meeting has been completed;
- 27.4.3.6 a retiring non-executive Director shall be eligible for re-election;
- 27.4.3.7 the Company, at the general meeting at which a non-executive Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto, and in default the retiring non-executive Director, if willing to continue to act, shall be deemed to have been re-elected, unless it is expressly resolved at the meeting not to fill such vacated office; or a resolution for the re-election of such non-executive Director was put to the meeting and rejected, provided that the Company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with clause 26.
- 27.4.4 The Board shall, through its nomination committee (if such nomination committee has been constituted in terms of clause 33.2), provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring non-executive Director is proposed, as to which retiring non-executive Directors are eligible for re-election, taking into account that non-executive Director's past performance and contribution.

EXTRACT FROM THE MEMORANDUM OF INCORPORATION RELATING TO THE BORROWING POWERS OF CVH DIRECTORS

33 BORROWING POWERS

- 33.1 Subject to the provisions of this Memorandum of Incorporation, the Directors may from time to time –
- 33.1.1 borrow for the purposes of the Company such sums as they think fit;
- 33.1.2 secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of Securities, mortgage or charge upon all or any of the property or assets of the Company.

33.2 The Board shall procure (but as regards subsidiaries of the Company only insofar as by the exercise of voting and other rights or powers of control exercisable by the Company they can procure) that the aggregate principal amount at any one time outstanding in respect of moneys so borrowed or raised by –

33.2.1 the Company; and

33.2.2 all the subsidiaries for the time being of the Company (excluding moneys borrowed or raised by any of such companies from any other such companies but including the principal amount secured by any outstanding guarantees or suretyships given by the Company of any of its subsidiaries for the time being for the share capital or indebtedness of any other company or companies whatsoever and not already included in the aggregate amount of the moneys so borrowed or raised),

shall not exceed the aggregate amount at that time authorized to be borrowed or secured by the Directors, provided that no such sanction shall be required to the borrowing of any moneys intended to be applied and actually applied within 90 (ninety) days in the repayment (with or without any premium) of any moneys then already borrowed and outstanding and notwithstanding that new borrowing may result in the abovementioned limit being exceeded.

KING III CODE AND CORPORATE GOVERNANCE

PART A

CVH COMMITMENT

CVH is committed to the principles of transparency, integrity, fairness and accountability as also advocated in the King III Code.

The King III Code recognizes that no “one size fits all” approach can be adopted in the application of its principles and that it may not be appropriate for entities to adopt all of its principles, in the context of its particular business and/or operational environment.

A full report is attached in Part B hereof which, to the best of the knowledge and belief of the CVH Board, sets out the extent of CVH's current application of the principles of the King III Code and explains the non-application of certain of its principles and/or where principles are not fully applied.

The key principles underpinning the corporate governance of the Company and systems of control that form an integral part of corporate governance are set out hereunder.

BOARD OF DIRECTORS

The CVH Board is key to the Company's corporate governance system and is ultimately accountable and responsible for the key governance process and the performance and affairs of the Company. The CVH Board monitors and ensures that the Company operates ethically and conforms to the highest standards of corporate governance. It will also ensure that the internal controls, both operational and financial, are adequate and that through effective internal controls the financial accounts accurately and objectively reflect the Company's business.

Board appointments

New directors are elected on recommendation of the current CVH Directors or, if properly nominated, by Shareholders. Currently the CVH Board comprises six directors. The appointment of new directors is formal and transparent, and considered to be a matter for the CVH Board as a whole. There is no nomination committee as the entire Board takes responsibility for its appointments.

The Company operates as a passive investment holding company which holds as its only significant asset the Distell Investment. In view of the narrow scope of the Company's operations, the role of the CVH Board is limited to monitoring the Company's investment performance and ensuring that procedures and practices are in place to protect the Company's assets and reputation. The CVH Board also assumes responsibility for the management of relationships with various stakeholders.

Board composition

Apart from the financial director, all CVH Directors are considered to be non-executive. There is a clear division of responsibilities at board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The King III Code recommends that the majority of non-executive directors be independent. Save for Mr AEvZ Botha who is independent, all non-executive directors of CVH represent material shareholders in CVH and are not viewed as independent in terms of the King III Code. Having considered the matter, the CVH Board is accordingly satisfied that its current composition ensures a balance of power and authority.

Rotation of directors

A staggered rotation of CVH Directors ensures continuity of experience and knowledge. **Annexure CVH1** sets out the relevant provisions in the Company's Memorandum of Incorporation dealing with rotation of CVH Directors.

BOARD COMMITTEES

The CVH Board is authorised to form committees to assist in the execution of its duties, powers and authorities. As stated previously, no nomination committee has been appointed as the entire board takes responsibility for appointing appropriate CVH Board members.

AUDIT COMMITTEE

The CVH Board has appointed an audit and risk committee to assist it in the performance of its duties.

The audit committee is primarily responsible for overseeing the Company's financial reporting process on behalf of the CVH Board. The audit committee sets the principles for the annual appointment and evaluation of the external auditors, the audit plan and audit fees, as well as the use of external auditors for non-audit services. The audit committee on an annual basis considers and satisfies itself as to the

appropriateness of the expertise and experience of the financial director of the Company. The audit committee meets at least twice a year.

The audit and risk committee currently comprises Messrs JJ Mouton (chairman) and JJ Durand. The third member of the audit and risk committee, Mr Thys Visser, recently passed away.

REMUNERATION COMMITTEE

Since all non-executive directors, other than Mr AEvZ Botha, represent material shareholders in CVH, the CVH Board has decided not to pay CVH Directors emoluments. Accordingly no remuneration committee has been appointed. This will be reconsidered on an annual basis.

SOCIAL AND ETHICS COMMITTEE

No social and ethics committee has been appointed. The entire CVH Board is tasked with the responsibility of monitoring the Company's activities having regard to any relevant legislation, legal requirements and prevailing codes of best practice with matters relating to:

- Social and economic development
- Good corporate citizenship
- The environment, health and public safety
- Consumer relationships
- Labour and employment

RISK MANAGEMENT AND INTERNAL CONTROL

The CVH Board acknowledges that it is accountable for the process of risk management and the system of internal control of the CVH Group. Distell has its own board of directors responsible for the risk management and internal control of that company and its business. Risk assessments and management plans have been implemented throughout the CVH Group to ensure that risk is properly managed.

The CVH Group operates in a highly regulated environment. Distell has formal policies and procedures in place to ensure adherence to the various acts and codes that govern their day-to-day operations.

INTERNAL AUDIT

On the recommendation of the audit and risk committee, the CVH Board has decided not to establish an internal audit function at group level given that the CVH Board has satisfied itself that Distell have their own internal audit function and that the CVH Group's current system of internal control and risk management operates effectively.

SUSTAINABILITY

Stakeholder relations

CVH subscribes to the principles of objective, honest, timeous, balanced, relevant and understandable communication of financial and non-financial information to stakeholders. The CVH Group acknowledges the task and responsibility of regulators, and its relationships with them are maintained in a businesslike manner.

Social responsibility

CVH subscribes to acting in a socially responsible manner and supports Distell in its various sustainability initiatives.

Human resources and employment equity

CVH does not have any employees. PSG Corporate Services, the company secretary of CVH, regards its people as the most important element of its business. It is therefore important to make the best use of the human capital they have available. All employees are encouraged and motivated to better themselves through training and study. PSG Corporate Services subscribes to the principle of equal opportunity. Distell has set its own targets and specific action plans.

Ethics

The CVH Group is committed to maintaining high ethical and moral codes of conduct in its professional and social dealings. This is ingrained in the culture of the CVH Group.

Products and product development

CVH offers no products or services and it holds the Distell Investment as its only significant asset. Distell is Africa's leading producer and marketer of spirits, fine wines, ciders and ready-to-drinks.

Financial reporting

CVH provides financial reports to Shareholders twice a year. Details regarding significant transactions undertaken are reported timeously.

PART B – APPLICATION OF PRINCIPLES IN THE KING III CODE

Preamble

CVH is committed to the principles of transparency, integrity, fairness and accountability as also advocated in the King III Code. It therefore strives to meet those objectives in accordance with the content of the table below.

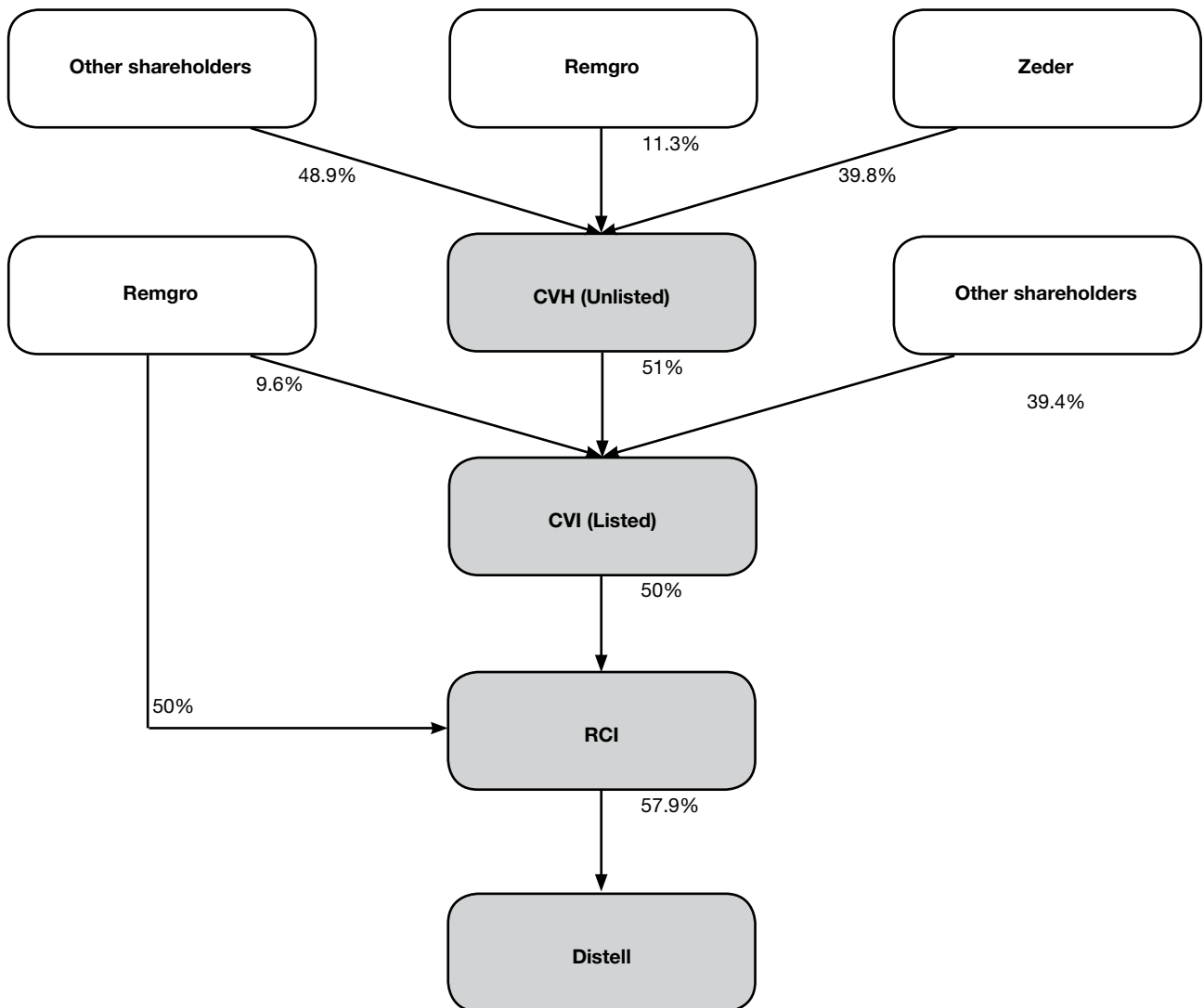
	PRINCIPLE	COMMENTS
1.	Ethical leadership and corporate citizenship	
1.1	The board should provide effective leadership based on an ethical foundation	Applied
1.2	The board should ensure that the company is, and is seen to be, a responsible corporate citizen	Although CVH does not currently have a formalised policy and procedure in place regarding corporate citizenship, the CVH Board has established CVH as, and is continuing to ensure, that CVH acts as a responsible corporate citizen. Given that CVH is a passive investment company having a single indirect investment (the Distell Investment) as its only significant asset, such a formal policy and procedure is not necessary.
1.3	The board should ensure that the company's ethics are managed effectively	The ethics of the Company are currently managed informally by the CVH Board in application of the King III Code.
2.	Board and Directors	
2.1	The board should act as the focal point for and custodian of corporate governance	Applied
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	Applied
2.3	The board should provide effective leadership based on an ethical foundation	Applied
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	Applied
2.5	The board should ensure that the company's ethics are managed effectively	Applied
2.6	The board should ensure that the company has an effective and independent audit committee	Applied
2.7	The board should be responsible for the governance of risk	Applied
2.8	The board should be responsible for information technology (IT) governance	Applied – The CVH Board is satisfied that the current systems of IT governance at group level are appropriate. See additional comments in 5 below.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied
2.10	The board should ensure that there is an effective risk-based internal audit	On the recommendation of the audit and risk committee, the CVH Board has decided not to establish an internal audit function at group level given that the CVH Board has satisfied itself that Distell have their own internal audit function and that the CVH Group's current system of internal control and risk management operates effectively.
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	Applied
2.12	The board should ensure the integrity of the company's integrated report	Although elements of an integrated report has always been present in the CVH reporting structure, given that CVH is a passive investment company holding the Distell Investment (indirectly) as its only significant asset, it is not considered appropriate to produce a comprehensive integrated report, applying all principles of the King III Code in respect of such report.

2.13	The board should report on the effectiveness of the company's system of internal controls	<p>The CVH Board is accountable for the process of risk management and the system of internal control of the CVH Group. Distell has its own board of directors responsible for the risk management and internal control of that company and its business. Detailed risk assessments and management plans have been implemented throughout the CVH Group to ensure that risk is properly managed.</p> <p>The CVH Group operates in a highly regulated environment. Distell has formal policies and procedures in place to ensure adherence to the various acts and codes that govern their day-to-day operations.</p>
2.14	The board and its directors should act in the best interests of the company	Applied
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	Not applicable
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	<p>The current chairman is non-executive but is not independent, as defined by the King III Code. Refer 2.18 below.</p> <p>As CVH is a passive investment holding company with a single investment and limited day-to-day operations, it has not filled the office of CEO.</p>
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	See 2.16 above.
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	<p>Apart from the financial director, all CVH Directors are considered to be non-executive. There is a clear division of responsibilities at board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.</p> <p>Save for Mr AEvZ Botha, none of the non-executive directors are independent as defined by the King III Code. Having considered the matter, the CVH Board is satisfied that its current composition ensures a balance of power and authority.</p>
2.19	Directors should be appointed through a formal process	The appointment of new directors is formal and transparent, and considered to be a matter for the CVH Board as a whole. There is no nomination committee as the entire Board takes responsibility for its appointments.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	The induction of CVH Directors is not conducted through a formal process. This has not been necessary to date as new appointees have been familiar with CVH Group's operations and the environment in which it operates. Consideration will be given to an induction programme for future appointees.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	Applied
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	The CVH Board does not conduct regular appraisals of its members and committees. Consideration will be given to same going forward.
2.23	The board should delegate certain functions to well-structured committees without abdicating its own responsibilities	Applied

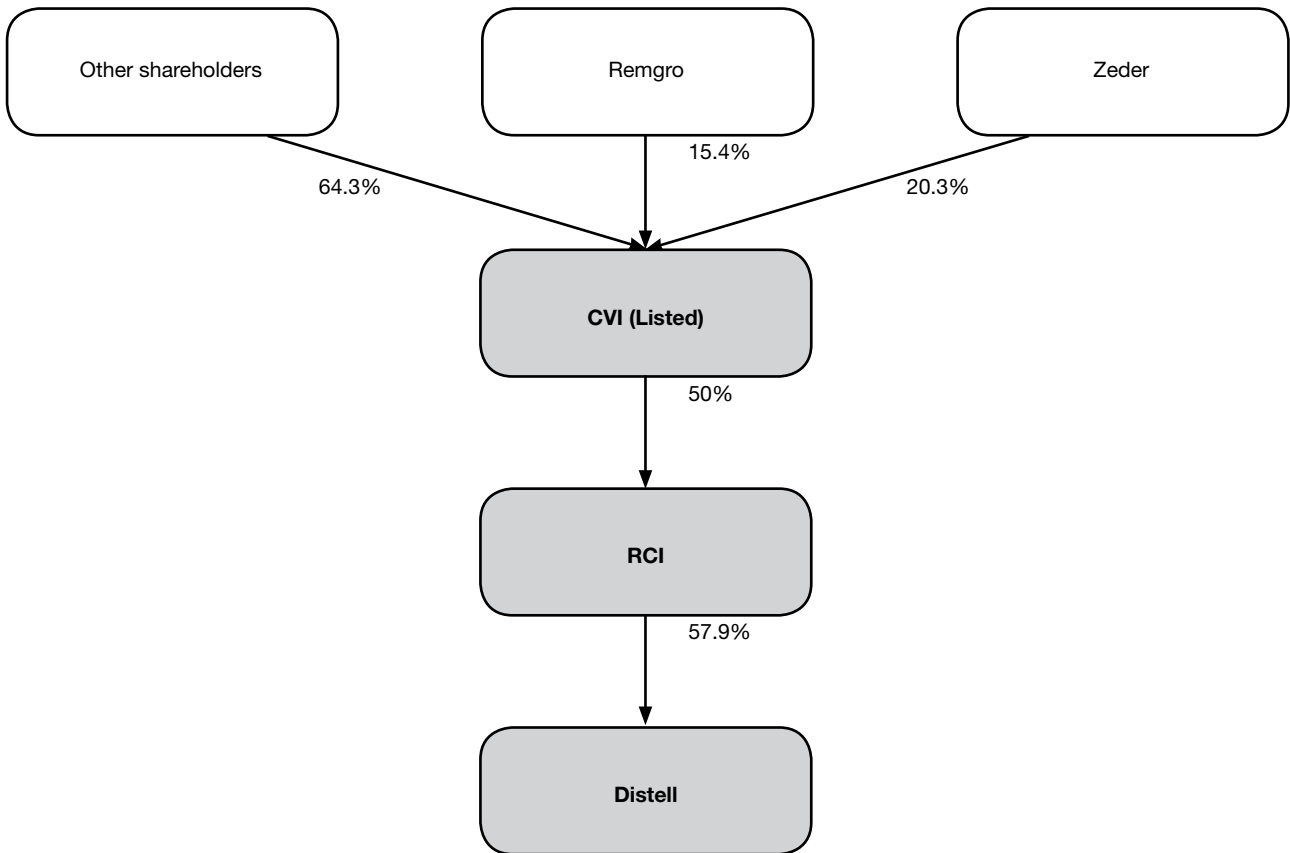
2.24	A governance framework should be agreed between the group and its subsidiary boards	Applied. Given that all CVH Directors also serve on the board of the Company's only subsidiary, CVI, the CVH Board is of the view that it is not necessary to formulate a governance framework between CVH and CVI, especially as CVI will shortly be wound-up following the implementation of the RCI Distribution.
2.25	Companies should remunerate directors and executives fairly and responsibly	Since all non-executive directors, other than Mr AEvZ Botha, represent material shareholders in CVH, the CVH Board has decided not to pay CVH Directors emoluments. Accordingly no remuneration committee has been appointed.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	Remuneration of CVH Directors has in the past been fully disclosed. As indicated in 2.25 above, the CVH Board has decided not to pay CVH Directors emoluments.
2.27	Shareholders should approve the company's remuneration policy	See 2.25 above. Should it in future be decided to remunerate CVH Directors, then the Company's remuneration policy will be subject to shareholder approval.
3.	Audit Committees	
3.1	The board should ensure that the company has an effective and independent audit committee	Applied
3.2	Audit committee members should be suitably skilled and experienced independent, non-executive directors (subsidiary exemption)	Applied
3.3	The audit committee should be chaired by an independent non-executive director	The audit committee is chaired by Mr JJ Mouton, a non-executive director. As indicated above, Mr Mouton is not considered independent in terms of the King III Code.
3.4	The audit committee should oversee the integrated reporting (integrated reporting, financial, sustainability and summarised information) The audit committee should be responsible for evaluating the significant judgements and reporting decisions affecting the integrated report The audit committee's review of the financial reports should encompass the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive financial information, trading statements, circulars and similar documents	Although elements of an integrated report has always been present in the CVH reporting structure, given that CVH is a passive investment company holding the Distell Investment (indirect) as its only significant asset, it is not considered appropriate to produce a comprehensive integrated report, applying all principles of the King III Code in respect of such report.
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	Applied
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	Applied
3.7	The audit committee should be responsible for overseeing of internal audit	On the recommendation of the audit and risk committee, the CVH Board has decided not to establish an internal audit function at group level given that the CVH Board has satisfied itself that Distell have their own internal audit function and that the CVH Group's current system of internal control and risk management operates effectively.
3.8	The audit committee should be an integral component of the risk management process	Applied
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	Applied

3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	Applied
4.	The governance of risk	
4.1	The board should be responsible for the governance of risk	Applied
4.2	The board should determine the levels of risk tolerance	Applied
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities	Applied
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	The CVH Board is satisfied that Distell have their own internal audit function and that the CVH Group's current system of internal control and risk management operates effectively.
4.5	The board should ensure that risk assessments are performed on a continual basis	Applied
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	Applied
4.7	The board should ensure that management considers and implements appropriate risk responses	Applied
4.8	The board should ensure continual risk monitoring by management	Applied. Also see 4.4 above.
4.9	The board should receive assurance regarding the effectiveness of the risk management process	Applied
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	Applied
5.	The governance of Information Technology	
5.1	The board should be responsible for information technology (IT) governance	Applied
5.2	IT should be aligned with the performance and sustainability objectives of the company	Applied
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	PSG Corporate Services has an appointed IT manager who is responsible for IT governance at the CVH Group. Distell is responsible for IT governance in its respective business environments. The CVH Board is satisfied that the current systems of IT governance at group level are appropriate.
5.4	The board should monitor and evaluate significant IT investments and expenditure	As IT does not play a significant role in the sustainability of CVH's business at a group level due to its nature and size, the investment and expenditure in IT at group level are insignificant.
5.5	IT should form an integral part of the company's risk management	See 5.4 above.
5.6	The board should ensure that information assets are managed effectively	Applied
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities.	Not applied – see 5.3 above.
6.	Compliance with laws, codes, rules and standards	
6.1	The board should ensure that the company complies with applicable laws and considers adherence to nonbinding rules, codes and standards	Applied
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	Applied

6.3	Compliance risk should form an integral part of the company's risk management process	Applied
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	Applied – delegated to PSG Corporate Services.
7.	Internal Audit	
7.1	The board should ensure that there is an effective risk-based internal audit	On the recommendation of the audit and risk committee, the CVH Board has decided not to establish an internal audit function at group level given that the CVH Board has satisfied itself that Distell have its own internal audit function and that the CVH Group's current system of internal control and risk management operates effectively.
7.2	Internal audit should follow a risk-based approach to its plan	See 7.1 above.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management	See 7.1 above.
7.4	The audit committee should be responsible for overseeing internal audit	See 7.1 above.
7.5	Internal audit should be strategically positioned to achieve its objectives	See 7.1 above.
8.	Governing stakeholder relationships	
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	Applied
8.2	The board should delegate to management to proactively deal with stakeholder relationships	Applied – delegated to PSG Corporate Services.
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	Applied
8.4	Companies should ensure the equitable treatment of shareholders	Applied
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Applied
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	Applied
9.	Integrated Reporting and disclosure	
9.1	The board should ensure the integrity of the company's integrated report	As stated previously and for the reasons given above, it is not considered appropriate to produce a comprehensive integrated report.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	See 9.1 above.
9.3	Sustainability reporting and disclosure should be independently assured	See 9.1 above.

DETAILED DIAGRAM OF CVH, ITS SHAREHOLDERS AND ITS INDIRECT INVESTMENT IN DISTELL (PRE-IMPLEMENTATION OF THE SCHEME)

DETAILED DIAGRAM OF CVH, ITS SHAREHOLDERS AND ITS INDIRECT INVESTMENT IN DISTELL (FOLLOWING IMPLEMENTATION OF THE SCHEME)



OTHER DIRECTORSHIPS

The table below sets out the names of the companies and other entities of which the CVH Directors are or have been directors, members or partners during the five years preceding the Last Practicable Date.

Director	Name of company or entity	Capacity
CA Otto	PSG Financial Services Limited	Director
	PSG Group Limited	Director
	Capitec Bank Limited	Director
	Business Venture Investments No 357 (Proprietary) Limited	Director
	Capitec Bank Holdings Limited	Director
	Zeder Investments Limited	Director
	Zeder Financial Services Limited	Director
	Propell Group Holdings (Proprietary) Limited	Director
	Agri Voedsel Limited	Director
	Propell Sectional Title Solution (Proprietary) Limited	Director
	Remgro-Capevin Investments Limited	Director
	Distell Group Limited	Director
	Baedex Financial Corporation (Proprietary) Limited	Director
	Capevin Investments Limited	Director
	Kaap Agri Limited	Director
	PSG Channel Holdings Limited	Director
	Tanzanite Capital Limited (deregistered)	Director
	Channel Life Holdings (Proprietary) Limited (deregistered)	Director
	Channel Life Limited	Resigned
	M Cubed Asset Management Limited	Resigned
	M Cubed Holdings Limited	Resigned
	Ou Kollege Beleggings Limited	Resigned
	Friedshelf 577 Limited	Resigned
PSG Properties (Proprietary) Limited	Resigned	
Quince Capital Holdings (Proprietary) Limited	Resigned	
PSG Asset Management Life (Proprietary) Limited	Resigned	
PSG Investment Services (Proprietary) Limited	Resigned	
JJ Mouton	PSG Group Limited	Director
	PSG Financial Services Limited	Director
	Dana Beleggings (Proprietary) Limited	Director
	PSG Asset Management (Proprietary) Limited	Director
	Capevin Investments Limited	Director
	Remgro-Capevin Investments Limited	Director
	Charite Beleggings (Proprietary) Limited	Director
	PSG Asset Management Holdings (Proprietary) Limited	Director
	PSG Tanzanite (Proprietary) Limited	Resigned
	PSG Invest (Proprietary) Limited	Resigned
	Klipbank Beleggings (Proprietary) Limited	Resigned
	Paladin Capital Limited	Resigned
	PSG Capital Limited	Resigned
	PSG Fund Management Holdings (Proprietary) Limited	Resigned
	PSG Fund Management (Proprietary) Limited	Resigned

Director	Name of company or entity	Capacity
AEvZ Botha	Capevin Investments Limited	Director
	Namaqua Wines (Proprietary) Limited	Director
	KWV Holdings Limited	Resigned
	Business Venture Investments No 1041 (Proprietary) Limited	Director
	AB Packers (Proprietary) Limited	Director
	Multispan Farming (Proprietary) Limited	Director
JJ Durand	Business Leadership South Africa	Alternate director
	Cape Country Ballooning (Proprietary) Limited	Director
	Capevin Investments Limited	Director
	Commsco International Holding S.A. Luxembourg	Director
	Discovery Health (Proprietary) Limited	Director
	Discovery Holdings Limited	Director
	Discovery Life Limited	Director
	Grindrod Limited	Director
	Invenfin Investments 4 (Proprietary) Limited	Director
	Innovus Tegnologie Oordrag (Proprietary) Limited	Director
	Kagiso Tiso Holdings (Proprietary) Limited	Director
	Leopard Creek Country Club Limited	Director
	Leopard Creek Share Block Limited	Director
	Pembani Remgro Infrastructure Managers (Proprietary) Limited	Director
	Premier Team Holdings Limited	Director
	Rainbow Chicken Limited	Director
	Remgro-Capevin Investments Limited	Director
	Remgro Limited	Director
	Remgro Management Services Limited	Director
	RMB Holdings Limited	Alternate director
	RMI Holdings Limited	Director
	Retdur Properties (Proprietary) Limited	Director
	Riverside Processors (Proprietary) Limited	Director
	R&V Technology Holdings Limited	Director
	Sabido Investments (Proprietary) Limited	Director
	Saracens Limited	Director
	Stand 218 LC Properties (Proprietary) Limited	Director
The Mad Bunch	Director	
Venfin DD Holdings Limited	Director	
Vitality Healthstyles (Proprietary) Limited	Director	
LC Verwey	Premier Team Holdings Limited	Director
	Saracens Limited	Director
	Britehouse (Proprietary) Limited	Director
A Mellet	Baedex Financial Corporation (Proprietary) Limited	Director
	Baedex Group (Proprietary) Limited	Director
	Propell Sectional Title Solution (Proprietary) Limited	Director
	Nieuco Properties 1075 (Proprietary) Limited	Director
	Siyavula Education Proprietary Limited	Director
	mCubed Holdings Limited	Resigned
	Capevin Investments Limited	Director

CAPEVIN

INVESTMENTS LIMITED

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Incorporated in the Republic of South Africa

(Registration number 1979/007263/06)

Share Code: CVI

ISIN Number: ZAE000136446

("CVI" or "the Company")

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the Company's shareholders will be held at **10h00** on **10 July 2012** at 1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch.

Purpose

The purpose of the General Meeting is to consider and, if deemed fit, to approve, with or without modification, the resolutions set out in this notice of general meeting.

Note:

- The definitions and interpretations commencing on page 7 of the circular to which this notice of general meeting is attached ("**the Circular**"), apply *mutatis mutandis* to this notice and to the resolutions set out below.
- For a special resolution to be approved by shareholders, it must be supported by at least 75% of the voting rights exercised on the resolution.
- Quorum requirement for Special Resolution Number 1 to be adopted: sufficient persons being present to exercise, in aggregate, at least 25% of all voting rights that are entitled to be exercised on the special resolution.
- The voting rights of CVH shall not be included in the voting rights required to be present, or actually present, in determining whether the quorum requirements are satisfied, or required to be voted in support of Special Resolution Number 1, or actually voted in support of the Special Resolution Number 1.
- The date on which shareholders must have been recorded as such in the Register for purposes of being entitled to receive this notice is Friday, 1 June 2012.

SPECIAL RESOLUTION NUMBER 1 – Approval of the Scheme in terms of sections 114 and 115 of the Companies Act

"RESOLVED THAT the scheme of arrangement in terms of section 114 of the Companies Act proposed by the board of directors of the Company between the Company and its shareholders (as more fully described in paragraph 6 of the Circular), in terms of which CVH will, if such scheme of arrangement becomes operative, acquire the entire issued share capital of the Company (save for those Shares currently held by CVH and by Dissenting Shareholders that do not withdraw their respective demands made in terms of sections 164(5) to 164(8) of the Companies Act or allow any offers by the Company to them in terms of section 164(11) of the Companies Act to lapse, as more fully described in paragraph 6.6 of the Circular) for the Scheme Consideration of 21 CVH Shares for each Scheme Share disposed of in terms of the Scheme, be and is hereby approved as a special resolution in terms of section 115(2)(a) of the Companies Act".

Reason and effect

Shareholders are referred to the content of the Circular for more information relating to the reason for and effect of Special Resolution Number 1.

VOTING AND PROXIES

The date on which shareholders must be recorded in the Register for purposes of being entitled to attend and vote at the General Meeting, is Friday, 29 June 2012. The last day to trade in order to be entitled to attend and vote at the General Meeting, is Friday, 22 June 2012.

Section 63(1) of the Companies Act requires that meeting participants provide satisfactory identification. Accordingly, meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the General Meeting and must accordingly bring a copy of their identity document, passport or drivers' license to the General Meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the Transfer Secretaries for guidance.

A Shareholder entitled to attend, speak and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the Company. For the convenience of Certificated Shareholders and

Dematerialised Shareholders with “own-name” registration, a form of proxy (*pink*) is attached hereto. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder’s proxy) at the General Meeting.

Duly completed forms of proxy and the authority (if any) under which it is signed must reach the Transfer Secretaries of the Company at the address given below by not later than 24 hours before the commencement of the General Meeting (or any adjournment of the General Meeting), excluding Saturdays, Sundays and official public holidays.

Dematerialised Shareholders without “own-name” registration who wish to attend the General Meeting in person should request their CSDP or Broker to provide them with the necessary Letter of Representation in terms of their Custody Agreement with their CSDP or Broker. Dematerialised Shareholders without “own-name” registration who do not wish to attend but wish to be represented at the General Meeting must advise their CSDP or Broker of their voting instructions. Dematerialised Shareholders without “own-name” registration should contact their CSDP or Broker with regard to the cut-off time for their voting instructions.

APPRAISAL RIGHTS FOR DISSENTING SHAREHOLDERS

In terms of section 164 of the Companies Act, at any time before Special Resolution Number 1 as set out in this notice is voted on, a Dissenting Shareholder may give the Company a written notice objecting to Special Resolution Number 1.

Within ten business days after the Company has adopted Special Resolution Number 1, the Company must send a notice that Special Resolution Number 1 has been adopted to each Shareholder who:

- gave the Company a written notice of objection as contemplated above;
- has not withdrawn that notice; and
- has voted against Special Resolution Number 1.

A Shareholder may, within 20 business days after receiving the Company’s aforementioned notice of the adoption of Special Resolution Number 1, demand that the Company pay the Shareholder the fair value for all of the Shares of the Company held by that person if:

- the Shareholder has sent the Company a notice of objection;
- the Company has adopted Special Resolution Number 1; and
- the Shareholder voted against Special Resolution Number 1 and has complied with all of the procedural requirements of section 164 of the Companies Act.

The wording of section 164 of the Companies Act is set out in **Annexure 13** to the Circular.

SIGNED at Stellenbosch on behalf of the board of directors of the Company on 7 June 2012.

By order of the board



CA Otto
Chairman

Registered Office

1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

Transfer secretaries

Computershare Investor Services (Pty) Ltd
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

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FORM OF PROXY – ONLY FOR USE BY CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH "OWN-NAME" REGISTRATION

For use by Scheme Members at the General Meeting convened in terms of the Companies Act to be held at 10h00 on Tuesday, 10 July 2012 at 1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch or any adjourned or postponed meeting.

The definitions and interpretations commencing on page 7 of the circular to which this form of proxy is attached ("the Circular") apply mutatis mutandis to this form of proxy.

If you are a Dematerialised Shareholder without "own-name" registration you must not complete this form of proxy but must instruct your CSDP or Broker as to how you wish to vote. This must be done in terms of the Custody Agreement between you and your CSDP or Broker.

I/We (Please PRINT names in full)

of (address)

being the holder(s) of _____ Certificated Shares or Dematerialised Shares with "own-name" registration

do hereby appoint (see notes 1 and 2):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the Chairman of the General Meeting

as my/our proxy to attend, speak and vote for me/us at the General Meeting (or any adjournment thereof) for purposes of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name(s), in accordance with the following instruction (see notes):

Special Resolution Number 1 – Approval of the Scheme in terms of sections 114 and 115 of the Companies Act

	For	Against	Abstain
Special Resolution Number 1 Approval of scheme of arrangement between CVI and CVI Shareholders			

* One vote per CVI Share held by Scheme Members. Scheme Members must insert the relevant number of votes they wish to vote in the appropriate box provided.

Signed at: _____ on _____ 2012

Signature

Capacity of signatory (where applicable)

Note: Authority of signatory to be attached – see notes 8 and 9.

Assisted by me (where applicable)

Full name

Capacity

Signature

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- A shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a Shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder.
- A shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder.
- A proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy.
- Irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder.
- Any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise.
- If an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company.
- A proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise.
- If the instrument appointing a proxy or proxies has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's memorandum of incorporation to be delivered to a shareholder must be delivered by such company to:
 - the relevant shareholder; or
 - the proxy or proxies, if the relevant shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so.

Notes:

1. Each Scheme Member is entitled to appoint 1 (one) (or more) proxies (none of whom need be a Shareholder of CVI) to attend, speak and vote in place of that Scheme Member at the General Meeting.
2. A Scheme Member may insert the name of a proxy or the names of two alternative proxies of the Scheme Member's choice in the space/s provided with or without deleting "the Chairman of the General Meeting" but the Scheme Member must initial any such deletion. The person whose name stands first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A Scheme Member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Scheme Member in the appropriate box provided. Failure to comply with the above will be deemed to authorise and direct the chairman of the General Meeting, if the chairman is the authorised proxy, to vote in favour of the Scheme, or any other proxy to vote or abstain from voting at the General Meeting as he/she deems fit, in respect of all the Scheme Member's votes exercisable at the meeting.
4. Completed forms of proxy and the authority (if any) under which they are signed must be lodged with or posted to the Transfer Secretaries, Computershare Investor Services (Proprietary) Limited at Ground Floor, 70 Marshall Street, Johannesburg, 2001 or PO Box 61051, Marshalltown, 2107, to be received by them by no later than 24 hours before the commencement of the General Meeting (or any adjournment of the General Meeting), excluding Saturdays, Sundays and official public holidays.
5. The completion and lodging of this form of proxy will not preclude the relevant Scheme Member from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Scheme Member wish to do so.
6. The chairman of the General Meeting may accept or reject any form of proxy not completed and/or received in accordance with these notes or with the articles of association of CVI.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by CVI or the Transfer Secretaries.
9. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has been registered by CVI or the Transfer Secretaries or waived by the chairman of the General Meeting.
10. Where Shares are held jointly, all joint holders are required to sign this form of proxy.
11. A minor Shareholder must be assisted by his/her parent/guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by CVI or the Transfer Secretaries.
12. Dematerialised Shareholders who do not own CVI Shares in "own-name" dematerialised form and who wish to attend the General Meeting, or to vote by way of proxy, must contact their CSDP or Broker who will furnish them with the necessary letter of representation to attend the General Meeting or to be represented thereat by proxy. This must be done in terms of the agreement between the Scheme Member and his/her CSDP or Broker.
13. This form of proxy shall be valid at any resumption of an adjourned meeting to which it relates although this form of proxy shall not be used at the resumption of an adjourned meeting if it could not have been used at the General Meeting from which it was adjourned for any reason other than it was not lodged timeously for the meeting from which the adjournment took place. This form of proxy shall in addition to the authority conferred by the Companies Act except insofar as it provides otherwise, be deemed to confer the power generally to act at the General Meeting in question, subject to any specific direction contained in this form of proxy as to the manner of voting.
14. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given, provided that no notification in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Transfer Secretaries before the commencement of the meeting or adjourned meeting at which the proxy is used.
15. Any proxy appointed pursuant to this form of proxy may not delegate her or his authority to act on behalf of the relevant Shareholder.
16. In terms of section 58 of the Companies Act, unless revoked, an appointment of a proxy pursuant to this form of proxy remains valid only until the end of the General Meeting or any adjournment of the General Meeting.

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FORM OF SURRENDER AND TRANSFER – FOR USE BY CERTIFICATED SHAREHOLDERS IN RELATION TO THE SCHEME OF ARRANGEMENT IN TERMS OF SECTION 114 OF THE COMPANIES ACT, PROPOSED BY THE CVI BOARD BETWEEN CVI AND ITS SHAREHOLDERS

The definitions and interpretations commencing on page 7 of the circular to which this form of surrender and transfer is attached ("the Circular"), apply mutatis mutandis to this form of surrender and transfer.

This form should be read in conjunction with the Circular.

Instructions:

1. A separate form of surrender and transfer is required for each Certificated Shareholder. Certificated Shareholders must complete this form in BLOCK CAPITALS.
2. Part A must be completed by all Certificated Shareholders who return this form and relates to the surrender of Documents of Title.
3. Part B must be completed by Certificated Shareholders who are emigrants from or non-residents of the Common Monetary Area (see note 2).

Please also read notes overleaf.

To: The Transfer Secretaries

Hand deliveries to:

Computershare Investor Services (Proprietary) Limited
Ground Floor
70 Marshall Street
Johannesburg
2001
South Africa

Postal deliveries to:

Computershare Investor Services (Proprietary) Limited
PO Box 61763
Marshalltown
2107

Dear Sirs

PART A – Surrender of Documents of Title

All Certificated Shareholders who return this form must please complete Part A.

Shareholders who wish to anticipate the Scheme becoming operative and expedite settlement of the Scheme Consideration should complete Part A and return this form to the Transfer Secretaries together with their document(s) of title by no later 12h00 on the Scheme Consideration Record Date.

Should the Scheme not become operative any Documents of Title surrendered and held by the Transfer Secretaries will be returned to you by the Transfer Secretaries, at your own risk, by registered post within five Business Days from the date of receipt of the Documents of Title or the date on which it becomes known that the Scheme will not become operative, whichever is the later.

I/We hereby surrender the enclosed share certificate/s, certified transfer deed/s and/or other Documents of Title, details of which have been completed below, in respect of my/our holding of Shares in CVI.

Surname or Name of corporate body _____

First names (in full) _____

Title _____

Address to which the Scheme Consideration should be sent (if different from registered address):

Address _____

Postal code _____

Country _____

Telephone () _____

Cellular telephone number _____

Share certificate/s and/or other Document(s) of Title to be surrendered

Name of registered holder (separate form for each holder)	Certificate number(s) (in numerical order)	Number of Shares covered by each certificate
Total		

Signature of Certificated Shareholder	Stamp and address of agent lodging this form
Assisted by me (if applicable)	
State full name and capacity	
Date 2012	
Telephone number (Home) ()	
Telephone number (Work) ()	
Cell phone number ()	

Signatories may be called upon for evidence of their authority or capacity to sign this form.

PART B

- To be completed only by Certificated Shareholders who are emigrants from the Common Monetary Area.**
The Scheme Consideration will be forwarded to the authorised dealer nominated below for its control and credited to the emigrant's blocked account. Accordingly, a non-resident who is an emigrant from South Africa must provide the following information:

Name and address of authorised dealer in South Africa or substitute instruction

Account number

- To be completed only by all other non-resident Certificated Shareholders who wish to provide a substitute address.**
The Scheme Consideration will be posted to the registered address of the non-resident concerned, unless written instructions to the contrary are received and a substitute address provided below:

Substitute address

- If no nomination is made in terms of 1 above, the Scheme Consideration will be held in trust by the Transfer Secretaries.**

Notes:

- Emigrants from the Common Monetary Area must complete Part B.
- All other non-residents of the Common Monetary Area must complete Part B if they wish the Scheme Consideration to be sent to an address other than their address in the Register.
- If Part B is not properly completed, the Scheme Consideration (in the case of emigrants) will be held in trust by the Transfer Secretaries pending receipt of the necessary nomination or instruction.
- The Scheme Consideration will not be sent to Certificated Shareholders unless and until Documents of Title in respect of the relevant CVI Shares have been surrendered to the Transfer Secretaries.
- If a Certificated Shareholder produces evidence to the satisfaction of CVI and CVH that Documents of Title in respect of CVI Shares have been lost or destroyed, CVI may waive the surrender of such Documents of Title against delivery of a duly executed indemnity in a form and on terms and conditions approved by CVI and CVH, or may in their discretion waive such indemnity.
- If this form of surrender and transfer is not signed by the Certificated Shareholder, the Certificated Shareholder will be deemed to have irrevocably appointed the company secretary of CVI to implement that Shareholder's obligations under the Scheme on his/her behalf.
- Persons who have acquired CVI Shares after the date of posting of the Circular to which this form of surrender and transfer is attached, can obtain copies of the form of surrender and transfer and the Circular from Computershare Investor Services (Proprietary) Limited at Ground Floor, 70 Marshall Street, Johannesburg, 2001.
- No receipts will be issued for documents lodged, unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts. Signatories may be called upon for evidence of their authority or capacity to sign this form.
- Any alteration to this form of surrender and transfer must be signed in full and should not be merely initialled.
- If this form of surrender and transfer is signed under a power of attorney, then such power of attorney, or a notorially certified copy hereof, must be sent with this form for noting (unless it has already been noted by CVI or the Transfer Secretaries).
- Where the Certificated Shareholder is a company or a close corporation, unless it has already been registered with CVI or the Transfer Secretaries, a certified copy of the directors' or members' resolution authorising the signing of this form of surrender and transfer must be submitted if so requested by CVI.
- Note 11 above does not apply in the event of this form bearing the stamp of a broking member of the JSE.
- Where CVI Shares are held jointly, all joint holders are required to sign this form of surrender and transfer.